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AUTHOR Hollister, Robinson G.
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ABSTRACT

Employment problems of black males remain substantial. The unemployment rate for black males is 2.3 times that of white males. Less than one-third of 16- 19-year-old black males were employed in 1988. The most important policies affecting the employment of black males are monetary and fiscal policies. No employment and training policies can come close to providing the improvement in employment of black males that sustained low unemployment rates throughout the economy provide. The major replication and expansion of the Summer Training and Education Program (STEP) for in-school youth deserves support, but it is critically important that a strong evaluation component be added. Increased educational remediation was added to the Summer Youth Employment Program, with no plans to evaluate the effects of the increased remediation. For out-of-school youth, the Job Corps is a long standing program of proven effectiveness that should be maintained and expanded. Job Start, a new pilot project for dropouts in an urban, nonresidential setting, deserves support and rigorous evaluation. A study of how the employment and training system can be better related to the educational system is much needed. After more than 20 years of federal employment and training programs, very little is known about what works for whom. (A 36-item list of research notes is included in the document.) (CML)

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11. BLACK MALE YOUTH: THEIR EMPLOYMENT PROBLEMS AND TRAINING PROGRAMS

Robinson G. Hollister

Swarthmore College

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11. BLACK MALE YOUTH: THEIR EMPLOYMENT PROBLEMS AND TRAINING PROGRAMS

Robinson G. Hollister
Swarthmore College

THE OVERALL CHARACTER OF RESEARCH ON EMPLOYMENT AND TRAINING FOR BLACK YOUTH

We have had unusually deep and thorough analysis of the character of black youth employment problems for the period through 1980. This is the result of efforts largely spurred by the Department of Labor in the late 1970s and the early 1980s leading up to and contemporaneous with the Youth Employment Demonstrations Projects Act. The data for 1980 and changes from the 1970s to the 1980s have been carefully analyzed particularly through the use of the 1980 Census public use files. In the last few years there has been considerably less systematic research on black youth employment problems and that which has been carried out has for the most part continued to exploit the rich detail provided by the 1980 Census data. Thus, most of our discussion will focus on the nature of the employment problem for black youth as it emerged over the 1970 to 80 period.

A similar but slightly different pattern is found in the research on the effects of employment and training programs. There was a high level of demonstration and evaluation activity in the late 1970s and early 1980s but then a very sharp drop off in the period 1982 to 1985 followed by a slow recovery over the last three years. Thus most of the evidence we review will come from efforts up to 1981. The information on the new demonstration and evaluation activities is just beginning to

emerge so that for the most part firm conclusions cannot yet be drawn on the basis of this experience, though we do report on its current status.

There are two important features of the post 1980 developments which might lead one to question the applicability of findings drawn from the pre-1980 experience. First, the age distribution of the population is shifting rapidly: whereas in the 1970s we were experiencing rapid growth in size of the youth population, the sharp decline in the absolute size of the youth population began in 1980 and will continue almost to the year 2000. Thus there maybe a reversal of the situation in the 1970s when the problem was to absorb sharply increasing numbers of youth in the labor market to one in which there is a concern about inadequate supply of young workers. Second, there has been increasing attention paid to the changing structure of the U.S. economy, with manufacturing employment becoming an increasingly smaller proportion of total employment and the argument by some that this general structural change is accompanied by changes in technology which will escalate the level of skills necessary for sustained employment.

While we will touch on these developments where there appears to be relevant information, we believe the assessment of the arguments over these major developments and their relevance to labor force quality are best addressed in other papers prepared for the Commission.

A PREVIEW OF POLICY RECOMMENDATIONS

In this section I summarize the major policy recommendations so that the reader may bear them in mind in reviewing the full material in

the paper. A somewhat more extended justification of the recommendations is presented at the end of the paper.

In spite of the long, continued recovery of the U.S. economy from its major post World War II recession in 1982-83, the employment problems of black males remain substantial. The unemployment rate for black males is 2.3 times that of white males, even in this relatively tight labor market situation. An even more meaningful statistic is the employment-to-population ratio which for all black males in 1988 still had not returned to the level that it had in 1979, which in turn was substantially below the level it had in the 1960s and early 1970s.

The employment problems of black youth are particularly serious. Less than one-third of black males 16-19 were employed in 1988, and their employment-to-population ratio was still below the level it was in 1979, which was itself substantially below the levels of employment-to-population ratio for the 1960s and early 1970s for this group. Thus, it remains important to pursue the question of how employment and training policies can address the problems of employment for black males, and for black male youths in particular.

1. The Importance of Macro Policies for Black Employment

In considering the employment problems of blacks and what government policies and programs might do most to alleviate those problems it must be emphasized that <u>the most important policies affecting the employment of black males are monetary and fiscal policies which influence the general state of the economy and the tightness of labor markets. No employment and training policies can come close to</u>

providing the improvement in employment of black males that sustained low unemployment rates throughout the economy provide.

2. The Process of Employment and Training Policy Development

Careful consideration should be given to the process by which employment and training programs and policies are developed. After over 20 years of federal employment and training programs we know very little about "what works for whom." A process which assures a careful sequence of research, pilot project with rigorous evaluation, replication more broadly with rigorous evaluation and final formulation and implementation as a national program or policy is critically important if we are to stand a chance to learn from our experience with these programs. This process will not happen unless Commissions like the Secretary's Commission on Workforce Quality and Labor Market Efficiency strongly call for it.

3. Employment Problems of Black Inner City Youth.

The employment problems of blacks, and of youth in general, are particularly concentrated among those males who have dropped out of high school and live in the inner city. The major question is what role the training system can play in ameliorating the problems of this group.

a. Current Programs and Pilot Programs Deserving Support

It is useful to separate recommendations according to those appropriate for in-school youth and those for out-of-school youth.

i. For in-school, the Summer Training and Education Program (STEP) is a combination of summer employment and educational remediation based on the finding that at-risk youth appear to fall behind their more advantaged classmates largely through major losses in academic skills during the summer months. This project is being tested on a pilot basis with a rigorous evaluation with only some early results currently available. A major replication and expansion of STEP is currently underway and this effort deserves support. However, there is no rigorous evaluation planned for the replication projects. It is critically important that a strong evaluation component be added to the replication-expansion of STEP since the long term effects of the program have still not been established in the pilot project and program adjustments could be required.

A closely related aspect is the recently legislatively mandated requirement that the long-standing Summer Youth Employment Program (Title IIB) increase the degree of educational remediation provided at most program sites. There appear to be no plans to evaluate the effects of this increased remediation. The Department of Labor should be urged to evaluate rigorously the effects of increased educational remediation in the Summer Youth Employment program.

ii. For out-of-school youth, the Job Corps is a long standing program of proven effectiveness it should be maintained and expanded. However, the Job Corps is a complex program with many components and it is not known which are most important in determining its effectiveness with the severely disadvantaged youth it serves. The fact that Jobs Corps is

residential adds considerably to its costs but whether that is a crucial factor is unknown. A new pilot project, Job Start, attempts to test whether skills training and remediation of the sort provided by the Job Corps can be effectively provided in an urban, non-residential setting for dropouts and other out-of-school low income youth. The continuation of the Job Start project and its rigorous evaluation deserves support and careful attention to its results would influence the shape of any future program effort in this domain.

b. A New Pilot Project Needed

Research has shown that those youth who work during school years do better in the labor force after leaving school. Further, during the 1970s a major gap developed between the level of in-school employment of whites and the level of in-school employment of blacks. An important question is whether increasing the in-school employment levels of blacks toward that of whites would lead to reductions in the black-white post-school employment differences. A major demonstration program from 1979 to 1981, the Youth Incentive Entitlement Pilot Project, provided some information on the feasibility of assuring employment to low income in-school youth so that the black/white gap narrowed but the termination of the project and the character of the research made it impossible to tell what the long term effects of the increased employment would be. A new pilot project, with a rigorous evaluation, should be mounted to seek to determine whether employment of youth while still in school can be increased, e.g., through wage subsidies, and what its long term effects would be.

c. Research Needed

There are several issues relating to inner city dropouts which require more basic research.

i. We hear a great deal about the drug and crime problems of the inner city. Recently, we heard a good deal about the attractiveness of the drug trade for inner city youth as a means of quick and substantial income and the argument that it is hard to get such youth to take education, training and regular employment seriously given the drug and crime alternatives. I know of no systematic information on the extent of involvement in drugs and crimes for the broad group of low income black youth in the inner city. I believe it is a high priority to attempt to get such information on a systematic basis if we are to be better able to understand how education and training programs may compete with these alternatives.

ii. The employment and training system is trying to deal with those youths for whom the education system has failed. We often try to target programs to assure that those most at risk have greatest access to those programs. Yet the targeting itself tends to create the image of these programs as programs for losers. It is often felt that participants in the programs are stigmatized as losers by participation itself. Thus, recruitment of inner city youths is often difficult. In addition, efforts to involve the school system in youth employment and training programs have generally been a failure. These complex issues of the relationship between the schools and the employment and training system

and the related problems of targeting of programs require some broad and deep consideration. A study of how the employment and training system can be better related to the educational system is much needed.

iii. The Spatial Mismatch Problem

There is increasing research evidence which suggests that a substantial portion of the employment problems of black inner city youth may be related to the process of suburbanization of jobs, at least in the major northeastern cities. In the 1970s for several cities well paying jobs moved in substantial numbers to the suburban fringe and blacks had difficulty following them, perhaps due to residential segregation. But the research on this issue is still incomplete and controversial. The Department of Labor should support research to further investigate the extent and nature of the spatial mismatch of jobs and inner city low income persons.

If this phenomenon proves indeed important, even for only a portion of the country, efforts should be made to develop and test programs which would facilitate access of inner city youth (and adults) to these suburban fringe jobs. Such efforts might involve attempts to deal with residential segregation, special transportation arrangements, enhancement of job search efforts and during-employment support services for inner city youth, attempts to stimulate suburban business to develop inner city school connections.

iv. The Skills Mismatch and Literacy Issues

Increasingly concerns have been expressed about the skill level of the American labor force, as the Commission is well aware. International competition and the escalation of technology are said to be likely to be raising the skill levels required while at the same time those population groups with the lowest academic performance are becoming an increasing proportion of new workers; a skills mismatch may emerge.

While the literacy problems of the population and the related issue of the potential skills mismatch are widely quoted as creating an imperative for new education and training initiatives, I believe the evidentiary basis for these hypotheses is extremely weak. My concern is that substantial resources may, in the name of these problems, be misdirected and do little to improve the employment circumstances of black males, and even in some cases to worsen them. Therefore, rather than simply accepting sweeping conclusions about the levels of literacy required for productive employment over the next 20 to 50 years, more systematic investigation should be undertaken to better determine the factors which are likely to influence the changing requirements of jobs over the next decade and their relationships to the education and training needed in the labor force.

Pursuing these issues further and more concretely, there is a debate underway as to how best to accomplish remedial education in the context of training programs: some urge that education must precede skills training (referred to as the sequential approach), others that remedial education elements can and should be built into the skills

training program (referred to as the concurrent approach). Attention should be paid to systematic study of the effectiveness of concurrent as opposed to sequential remedial education and skills training for disadvantaged persons.

In addition, while it is been shown that higher test scores or attainment of high school degrees or GEDs will result in better labor market experience for those with the improvements, there is little evidence regarding the effects of changes in these measures which are induced by a training program. Evidence needs to be gathered about whether changes in test scores or GED qualifications induced by a program do in fact lead to better labor market experience post program. This sort of information will help us to decide how much emphasis should be put on this aspect of programs.

While there is increased discussion of literacy requirements there is some evidence that literacy tests have been a factor in screening some of those most in need, e.g., black inner city males, out of JTPA programs. Thus, the emphasis on literacy may have inadvertently led to a worsening of the skill training opportunities for black males (and other disadvantaged). This is one form of the more general problem of the incentives in JTPA which lead to "creaming." I understand the general problem is currently being addressed in the context of amendments to JTPA legislation, but particular attention needs to be paid to the role of test use and test criteria for program entry into JTPA and other employment and training programs.

Of course one is in favor of efforts to improve the literacy and skills of the disadvantaged. My concern, however, is that programs and

policies promulgated in the name of required literacy improvements may become misdirected, and grandiose in ways irrelevant to the employment opportunities of the disadvantaged in general and the inner city black male in particular.

I. THE BLACK YOUTH EMPLOYMENT PROBLEM: ITS NATURE AND DIMENSIONS[1]

Unemployment Rates

The United States recently experienced its most serious unemployment problems since the Great Depression of the 1930s. In the depths of this recession, in December 1982, the overall unemployment rate reached a postwar high of 10.8 percent. But the unemployment rate for teenagers was 24.5 percent--more than twice the overall rate--and the unemployment rate for black teenagers was 49.5 percent. Since the trough of the recession, the national employment situation has improved markedly so that during 1988 the unemployment rate averaged 5.5 percent. The rate for teenagers (16-19) was still substantially higher--15.3 percent--and the rate for black teenagers had improved, to 32.4 percent.

The youth employment problem is not due merely to the greater vulnerability of young workers to the swings of the business cycle. There has been a long-term upward trend in youth unemployment rates over the last several decades (Congressional Budget Office, 1982). Table 1.1 provides statistics for four periods from 1957 to 1988: 1957, 1964 and 1978 were chosen because they were years of relatively high economic activity and had identical unemployment rates for adult white men aged 35-44, 1984 was a point part way out of the recovery from the major recession and 1988 gives the latest data.

Over the period spanned by these statistics, the unemployment rate for all youths climbed steadily. In addition, the gap between white and nonwhite youths that was evident in 1957 became much larger over these decades. Thus, even among the more "settled" 20- to 24-year-old youths, the 1957 unemployment rate for white males was 7.1 percent while the rate for nonwhites was 12.7 percent; by 1984, this gap had expanded to 9.8 percent for whites vs. 24.5 for nonwhites.

Further, in all three age subgroups of youth, the unemployment rate of blacks grew relative to those of whites between 1957 and 1978. Since 1978 the relative position of blacks have improved somewhat but remains considerably worse than it was in the 1950s and 60s.

These continuing trends in the relative unemployment rates of young Americans were a primary motivation for the launching in the late 1970s of federally funded programs designed to provide employment and training services to disadvantaged youths. Yet, as the last column of Table I.1a indicates, the gap between white and nonwhite unemployment rates has persisted: in 1988 unemployment among white youths aged 20-24 was 7.4 percent for white males; for nonwhite males the rates were 17.4 percent.

While the unemployment rates shown in Table I.1 demonstrate that young people's problems have been increasing, the unemployment rate can sometimes be a misleading indicator, particularly when applied to the youngest segment of the labor force.[2] Therefore in what follows we concentrate on the employment-to-population ratio.

Table I.1a Youth Unemployment Rates in the Civilian Population for Selected Years (in percentages)

Group	Year 1957	1964	1978	1984	1988
Adult white males					
35-44 years old	2.5	2.5	2.5	4.6	3.4
All youths					
16-17 years old	12.5	17.8	19.3	21.2	17.4
18-19 years old	10.9	14.9	14.2	17.4	13.8
20-24 years old	7.1	8.3	9.6	11.5	8.7
White males					
16-17 years old	11.9	16.1	16.9	19.7	16.1
18-19 years old	11.2	13.4	10.8	15.0	12.4
20-24 years old	7.1	7.4	7.7	9.8	7.4
Nonwhite males					
16-17 years old	16.3	25.9	39.8	39.8	31.9
18-19 years old	20.0	23.1	30.7	38.5	27.6
20-24 years old	12.7	12.6	20.0	24.5	17.4
White females					
16-17 years old	11.9	17.1	17.1	17.8	14.4
18-19 years old	7.9	13.2	12.4	13.6	10.8
20-24 years old	5.1	7.1	8.3	8.8	6.7
Nonwhite females					
16-17 years old	18.3	36.5	41.5	42.2	32.2
18-19 years old	21.3	29.2	36.3	36.6	26.3
20-24 years old	12.2	18.3	21.3	23.5	17.9

SOURCE: Data from U.S. Department of Labor (1982, 1985b).[3]

Employment-to-Population Ratios

In Table I.2 the civilian employment-to-population ratios are reported for various subgroups of the population.

Looking at this table the first thing we note is that in every period the employment-to-population ratio is considerably lower for youth than it is for adult White males. We know that during this period some youth continue to be involved with schooling and, for those not in school, this is often a period of transition, of searching for an appropriate type of occupation. So it should not surprise us that the

Table I.2 Civilian employment-to-population rates for selected groups (in percentages)

Group	Year 1957	1964	1978	1984	1988
Adult White males					
35-44 years	95.6	95.1	93.9	91.6	92.2
All youths					
16-19 years	43.9	37.3	48.5	43.7	46.8
20-24 years	59.5	60.9	69.6	68.7	71.8
White males					
16-19 years	52.4	45.0	56.3	49.0	51.7
20-24 years	80.5	79.3	76.0	78.0	80.1
Non-White males					
16-19 years	48.0	37.8	29.8	25.2	29.4
20-24 years	78.27	8.1	61.1	58.3	63.9
White females					
16-19 years	38.3	32.2	48.7	47.0	50.2
20-24 years	43.4	45.3	60.6	66.1	69.8
Non-White females					
16-19 years	26.5	21.8	23.5	21.8	25.8
20-24 years	40.9	43.7	45.4	46.3	50.6

SOURCE: Data from U.S. Department of Labor (1979, 1980a, 1985b, 1989); Bureau of Labor Statistics (1983).[4]

employment-to-population rates are somewhat lower among youth than among White males.

The second thing to note in this table is that (looking at the row involving all youth) the employment situation improved over the period from 1957 to 1978 for both 16 to 19-year-olds and for the 20 to 24-year-olds. It appears, using the employment-to-population ratio, that the employment situation for younger persons in the United States was improving over this 20-year period.

When one looks, however, at subgroups within the youth population, a starkly different picture emerges. For White males 16 to 19 years old, the employment situation improved substantially. For 20 to 24-

year-olds, it deteriorated slightly. Turning to non-White males, however, it is found that in 1957 in both age groups they had employment-to-population ratios just a few percentage points below those of White males. But by 1978 the employment-to-population ratio had fallen by nearly 20 percentage points for non-White 16 to 19 year-olds, while it had increased by 4 percentage points for Whites. Among the 20 to 24-year-olds it declined by 17 percentage points for non-Whites while only declining by 4 percentage points for Whites.

This table brings out the central theme about the nature of the youth employment problem in the United States in the 1970s: there was a substantial increase in disparity between Whites and non-Whites in the youth population in their chances of finding employment.

Any discussion of employment-to-population rates runs the risk of confusing trends in school attendance with trends in employment. In the present case, this is a particularly worrisome possibility. While the employment rate for non-white youths has declined over the last 3 decades, the school enrollment rate for non-white youths has increased during these same decades. The rate of high school completion among black men and women aged 25-29 rose from 47.7 percent in 1960 to 65.4 percent in 1970 and to 79.4 percent in 1983.

The employment patterns of youths who are enrolled in school are, of course, considerably different from those who are out of school. Table I.3 provides a breakdown by school enrollment of the employment rates for 1964, 1978, 1981, and 1988 for all youths aged 16-24.[5] As one would expect, in-school youths are less likely to be employed than out-of-school youths. However, there are significant differences in these

rates over time for different groups. For white males, the employment rates increased for in-school youths from 34.0 percent in 1964 to 46.9 percent in 1978, declined somewhat in 1981 and recovered by 1988, while the rate for out-of-school youths was stable at approximately 87 percent between 1964 and 1978 and then declined slightly during the economic downturn in 1981 and recovered only slightly by 1988. In contrast, the employment rates of black males have shown a marked decline for both in-school and out-of-school youths: the rate for those out of school was 80.5 percent in 1964, 67.8 in 1978, and 57.8 in 1981, recovering only slightly in 1988; the rate for those in school dropped from 30 percent in 1964 to 20 percent in 1978 and was still at 20 percent in 1981, but recovered strongly to 26.2 percent in 1988 (though still below the rate for 1964).

Comparing the data for young males, one finds that in 1964 the employment rates of both in-school and out-of-school black males[6] were roughly 90 percent as large as those of white males. However, by 1981 this gap had widened enormously: in-school black males were less than 50 percent as likely to be employed as white males, and out-of-school black males were only 71 percent as likely to be employed as white males.

The data presented so far clearly point out two major aspects of the development of the youth employment problem from the 1950s to the late 1970s in the United States. The first is the growing disparity between Whites and Blacks and the second is the importance of distinctions according to in-school and out-of-school youth. More

Table I.3 Employment-to-population rates for in-school and out-of-school youth aged 16-24, by sex and race, 1964-88

Group	Year	Employment-to-population rate: Out-of-school youth	Employment-to-population rate: In-school youth
White males			
	1964	86.7	34.0
	1978	86.9	46.9
	1981	81.1	43.4
	1988	82.0	45.4
Black males			
	1964	80.5	30.0
	1978	67.8	20.3
	1981	57.8	20.1
	1988	61.1	26.2
White females			
	1964	47.3	23.3
	1978	66.2	45.7
	1981	68.3	43.0
	1988	68.8	49.0
Black females			
	1964	48.0	15.4
	1978	46.9	20.6
	1981	43.0	17.2
	1988	47.9	25.0

SOURCE: Bureau of Labor Statistics (1982 Table C42, 1989).

refined analyses of the data indicate that the youth employment problem defined in terms of lower chances of getting a job, lower wages when obtaining a job, higher chances of losing a job, and longer periods of remaining without a job, having lost one, are highly concentrated among minority groups, inter-city, low-income, high-school drop-out youth. For those with these combinations of characteristics the problems are compounded. Thus, for the United States it is not sensible to say that there is a general employment problem, for the majority of youth find jobs upon leaving school relatively readily and when they leave one job find a new one without long periods of unemployment. For the subgroup

of minority, inter-city, school drop-outs, however, the problems are substantial and, most disheartening, they have become substantially worse over time.

Wages and Earnings

While many employment problems can be measured in terms of nonemployment of one type or another, a full picture of the youth employment predicament also requires consideration of wages and earnings. Table I.4 presents data on the earnings of male youths aged 24 and under as a percentage of earnings of white males aged 25 and over.

Table I.4 Ratios of the Median Usual Weekly Earnings of Out-of-School Males to Earnings of Male Workers Aged 25 and Older, by Race: 1967-77

	Earnings of Full-time Young White Men/Earnings of Fulltime White Men, Age 25+		Change in Earnings Ratios	Earnings of Full-time Young Non-white Men/Earnings of Fulltime White Men, Age 25+		Change in Earnings Ratios
Age	1967	1977	1967-77	1967	1977	1967-77
16	.38	.34	-.04	.33	.32	-.01
17	.49	.39	-.10	.39	.32	-.07
18	.54	.49	-.05	.44	.44	.00
19	.61	.52	-.09	.42	.43	-.01
20	.66	.58	-.08	.63	.52	-.11
21	.73	.61	-.12	.57	.50	-.07
22	.79	.63	-.16	.59	.54	-.05
23	.81	.71	-.13	.59	.54	-.05
24	.87	.75	-.12	.60	.63	-.03

SOURCE: Data from R. Freeman and J. Medoff in Freeman and Wise op. cit. (1982: Table 3.9).

Two features of these data should be noted. First, over the decade over 1967 to 1977, the earnings of young men relative to those of adult men declined. Second, the extent of the decline was greater for white than non-white youths and, therefore, the earnings of young black men grew relative to those of young white men. Thus, we see both a general deterioration of earnings of young males and a relative increase in earnings (actually a smaller decrease) for young black males compared with young white males. Moreover, when various individual characteristics are controlled, the average wages for young black males are not significantly different from those of young white males.

The observed difference in total earnings is due primarily to the fact that the probability of a young black male with a given set of characteristics obtaining a job is much lower than that of a young white male with similar characteristics.

Developments Since 1980

We noted at the outset that there has been relatively little in depth analysis of the employment problems of black youth since 1980. While we have noted several of the features of the 1988 situation in the tables above, it is useful to review developments since 1980 as a whole.

In 1980 the U.S. economy began its descent into the worst recession that it had experienced since the 1930s. The economy reached its lowest point at the end of 1982 with an overall unemployment rate of 10.8 percent, the highest it had been in the post Second World War period. At that point the unemployment rate for youths aged 16 to 19 was 24.5 percent. As already noted, youth employment is more sensitive

to the business cycle than is adult employment, so there can be little question that black youth suffered even more than the rest of the population from this crisis. The important question is whether in the recovery they would, as in the past, experience more than average improvements and what the shape of black youth employment problems would look like when the economy return to close to capacity. Table I.5 provides some information relevant to this question.

Table I.5 Employment-to-population rates for total civilian population and for all civilian youths aged 16-19, 1977-88

Employment-to-population rate

	All civilian workers (1)	All youths aged 16-19 (2)	Ratio (2)/(1)
1977	57.9	46.1	.796
1978	59.3	48.3	.814
1982	57.8	41.5	.718
1984	59.5	43.7	.734
1988	62.2	46.8	.752

Source: U.S. Department of Labor (1985: Table B-12,1989).

For all civilian workers the employment-to-population ratio fell from 1978 to 1982 but by 1984 it had recovered to its 1978 level and by 1988 it had reached an all time high. For youth aged 16-19, the employment-to-population ratio fell more precipitously between 1978 and 1982, by 1984 had recovered less than half of its loss and by 1988 it was still below it 1978 level. The last column of table I.5 presents the ratios of youth employment-to-population in relation to the all-civilian rate. This shows a considerable worsening in the 1980s of the

relative position of youth, even through the long economic recovery since 1982. In 1988 this ratio is still below what it was in 1978 indicating that the recovery has not been as strong for youth as it has been for adults.

Even within these tightening labor markets, the problems of high-school drop outs remain high. The gap in employment-to-population between high school graduates and dropouts has grown since the 1970s and the current recovery has done little to narrow it again.[7]

We can also look more closely at the post 1980 relationship of non-white and white youth employment. Table I.6 recasts some of the data from table I.2. showing how the employment-to-population ratio of non-white male youth compares to that of white male youth.

Table I.6 Employment-to-population Ratio of Male Non-whites as a Percent of the Employment-to-population Ratio Male Whites

Year	Age Group 16-19	20-24
1964	84	98
1978	52.9	80.4
1984	51.4	74.7
1988	56.8	88.9

SOURCE: Data from U.S. Department of Labor (1982, 1985b).[8]

It can be seen that for both age groups, by 1988 non-white males had gained relative to white males as compared to 1978 but their relative position was still substantially below what it was in 1964. Thus some of the black-white gap in male youth employment rates which had opened up in the 1970s has been reduced, but particularly for 16-19 year olds, a substantial gap remains.

One major factor operating in the post 1980 period that might have been expected to have led to an improvement in the situation is the change in the demographics. The youth population reached its absolute high in 1979 (The 15-19 year old group was 19.8 millon). Projections of the youth population show that it will decline through 1995 in absolute number (15-19 year olds will be about 16 million) and then begin to increase again. One would expect that this decline, in absolute number of youth as well as relative to the adult population, would lead to a significant improvement in the employment situation of youth. However, by 1984, two-thirds of the total projected decline in the size of the youth population had occurred and the figures reviewed in Table I.6 above give no indication that this relative supply effect had a substantial impact on youth employment problems.[9] If the reduction in the relative supply of youth has been having some positive effects, it has not been substantial enough to overcome other negative factors, at least until very recently. The 1988 figures give the first positive signs of youth gaining substantially relative to the rest of the population but they are still not at quite the employment-to-population level they had in 1978 when their cohort size was the greatest.

II. CAUSES AND CONSEQUENCES OF BLACK YOUTH EMPLOYMENT PROBLEMS

The previous section has documented unemployment rates and other measures of employment for youths and differences among blacks and whites, for the past 2 decades. It has also raised a score of questions. What explains the high unemployment rate of youths compared

with adults? Why have rates of unemployment been rising? Why has the gap between blacks and whites widened? How do these trends relate to the relative decline in earnings for young full-time workers and the narrowing gap in earnings between young white and black full-time workers?

Researchers typically discuss a number of supply and demand factors that might contribute to continuing high unemployment rates for youths. On the demand side the factors include: poor macroeconomic performance; shifting geographical and industrial distribution of jobs; minimum wage laws and other government interventions in the labor market; discrimination in hiring; and demand for military personnel. On the supply side the factors include: the baby boom bulge and other demographic factors; unrealistic expectations of youths and the "reservation" wage; and mismatched jobs and educational qualifications. We highlight here just a bit of the discussion of these factors as they have appeared in the extensive research on these questions.[10]

Factors Affecting the Demand for Labor

Macroeconomic Conditions

The unemployment rates of youths are more sensitive to macroeconomic conditions than are those of adults. Comprehensive studies of time-series data by the Congressional Budget Office and the Council of Economic Advisors suggest that a 1 percent change in the unemployment rate for adult males is matched by a 1.5 percent change for white youths and a 2.5 percent change for black youths. Freeman[11] has argued and we agree that the employment-to-population ratio is a more

reliable indicator of youth activity. In both time-series and cross-sectional data, he finds that a 1 percent change in the total male unemployment rate leads to a 1.7 to 2.4 percent change in the employment-to-population ratio for youths aged 16-19 and a 1.5 to 3.4 percent change for those aged 20-24.[12] Bowers[13] has reviewed the employment experience of blacks, teenagers aged 16-19, and women during all business cycles from 1948 to 1980, and he also concludes that teenagers and blacks, both in the aggregate economy and in key cyclical sectors, suffer a disproportionate share of the decline in employment that occurs during economic recessions.

These, however, are estimates of the cyclical sensitivity of youth and black employment rates. However, when we looked at the data for 1957, 64, 78, and 88 which were all at the peak of cycle we saw this same deterioration so that in addition to the cyclic effects there appears to be a long term trend worsening the situation of black youth relative to white youth and adults. Such data provide only a crude indicator, of course, of the complex relationships that exist between the employment problems of teenagers and the evolution of the macroeconomic situation in the nation. Nonetheless, there appears to be substantial agreement among most researchers that a relatively high level of economic activity is essential for any long-term improvement in the youth employment situation.

Industrial and Geographical Shifts in the Economy

The location of economic activity has changed both in terms of its distribution across different types of industrial sectors and in terms

of its geographical location. It is, of course, conceivable that these shifts in industrial composition or geographical location have affected the black-white deferential in youth employment ratios.

The contribution of changing industrial distributions of workers to the relative employment position of blacks and whites appears to have received little systematic study. One unpublished study, Badgett[14] finds that from 1971 to 1987 most of the rise in black unemployment was due to rises in unemployment within sectors and not to movement from sectors of low unemployment to those with high unemployment. This was not because blacks were trapped in declining industries but rather because those sectors in which they were already heavily concentrated, such as retail, had relatively high rates of increase in unemployment even though they were growing sectors. This study did not focus on youth per se, however.

Another possible cause of a downward shift in demand for youths, particularly for blacks, is the movement of jobs from the inner cities to the suburbs and beyond (a move resulting in large part because land and other costs are lower). This has been a matter of some dispute in the economics literature. Leonard[15] has found, for example, that the ratio of black to total employment in any given firm in Los Angeles or Chicago in the 1970s varied inversely with distance from the black ghetto. Over time, the loss of employment in the cities has resulted in an appreciable loss of jobs for blacks who, apparently because of racial discrimination, do not follow the jobs as they move into the suburbs and nonmetropolitan areas. However, this movement of jobs away from where blacks live cannot explain the black/white differential that persists

within inner cities. Ellwood, for example, has shown that in Chicago distance from jobs was a weak predictor of employment: for blacks and white youths living in adjacent neighborhoods, black youth employment could be as much as 20 percent lower than white youth employment; similarly, blacks in neighborhoods near jobs were no more likely to be employed than blacks in neighborhoods far away from jobs.

Recently, however, there have been a series of studies utilizing the 1980 Census data that examine effects of the characteristics of the surrounding SMSA on the employment and earnings of black youth.[16] All of the studies find that differences in SMSA characteristics such as levels of overall employment of whites, the size of the black population, the degree of segregation and the average commute to work play a role in the lower employment and earnings of young black males. In most of the studies, had young black males faced the same characteristics on average as young white males the difference in average employment and earnings would have been reduced by 25 to 30 percent. Most directly relevant to the spatial mismatch/segregation hypothesis are those which test the effects of measures of the distance of commute to work on black youth employment and earnings. One of these studies (Ihlanfeldt & Sjoquist) estimate that for Philadelphia this variable alone could account for 33 to 54 percent of the racial differential in employment probability and somewhat less strong results for Chicago and Los Angeles. These recent results suggest that further investigation of the spatial mismatch hypothesis and the role it plays in various cities in affecting the relative black-white youth employment and earnings would be warranted. They also suggest that more careful

attention should be paid to difference across different cities in the extent of black-white youth differentials and the configurations of factors that contribute to them.

Discrimination

Discrimination could contribute to youth employment problems in the form of discrimination on the basis of age or on the basis of race or sex. That employers prefer older workers to younger workers seem to be well established. However, whether this preference constitutes discrimination depends on whether there are in fact differences in productivity, costs of training, and turnover associated with younger workers. There have been few attempts to establish such relationships empirically. Discrimination studies have consistently shown black adult workers to have lower earnings than whites after the measured individual characteristics have been controlled for; a large part of this earnings differential is associated with the probability of employment rather than differences in wages.

With respect to wages and earnings (net of weeks worked) and common human capital variables (e.g., education), economists have generally found substantial evidence of discrimination in wages prior to the mid-1960s, but in more recent years the available evidence suggests that discrimination in wage rates by race has been narrowed or effectively ended.[17]

With respect to employment--in contrast to wages--efforts to account for the disparity in unemployment rates between whites and blacks on the basis of standard human capital variables find that about

one-half of the gap in unemployment rates between young black and white workers could be accounted for by such variables then, if one followed the convention used in the earnings literature, the residual gap would be attributed to discrimination.

While discrimination may account for differences between blacks and whites at a given point in time, it is more difficult to establish that increases in discrimination in the late 1960s and the 1970s were an important factor in explaining the increasing differential in employment between young blacks and young whites. Most casual impressions are that open discrimination on the basis of race decreased during this period. (However, as noted below other factors may interact with existing discrimination to generate the kind of changes we see over time.)

Factors Affecting the Supply of Labor

Demographic Trends

During the 1970s several demographic trends might have affected youth employment. First, and most prominent, was the entry of the massive baby-boom generation into the labor force. Theory suggests that as the supply of young workers rises relative to the supply of both older workers and other factors of production, youth wages or employment will fall relative to that of older workers. Indeed, in a cross-sectional analysis of standard metropolitan statistical areas, Freeman found that as the youth share of the population increased, employment prospects declined by a moderate amount, particularly for those aged 16-17. However, analysis by Wachter and Kim suggests that, at a national level and over time, the primary effect appears to have been on wages.

For example, as shown in Tables I.2a and I.2b, during the period of rapid expansion of the youth labor force, 1957 to 1978, the employment-to-population rate for white youths stabilized or actually increased. In contrast, Table I.4 shows that during the 1970s the wages of white youths declined relative to adult wages. Whatever the effects of this large demographic bulge, it did not overcome other factors tending to raise the employment-to-population rate for white youths, but it may have played a role in lowering their relative wages. Among black youths, however, the pattern appears different: relative wages over those years declined by less than those of white youths, but unemployment rose and employment rates fell substantially.

Two other factors increased the supply of labor during the same period: the sharp and continuing rise in the labor force participation of adult women and the influx of immigrant workers into the United States. Each of those groups might draw jobs away from youths if they enter the labor market in part-time or low-skill jobs (particularly if employers prefer to discriminate in their favor or can pay lower wages to these groups). It is possible that increased numbers of women in the labor force may have worsened the employment prospects and lowered the wage rates of youths, but several analysts have found it hard to show that there were indeed substantial effects of women's employment on youth employment. Estimating the employment interactions between youths and immigrants has been difficult because of the lack of reliable data on the illegal component of the immigrant work force. However, Freeman and Holzer report that there is no evidence to support the view that increases in the Hispanic population (which accounts for a substantial

number of immigrants) have hurt job opportunities for black youths, since black youth unemployment rates are similar in cities with large and small Hispanic populations.

Summing Individual Effects

Thus far we have been serially reviewing possible causes of the trends in youth employment problems within a framework of demand and supply factors. Two sets of researchers[18] have independently sought to bring together most of the factors covered above in a consistent accounting framework in order to see what proportion of the growth in the gap in black/white youth employment rates can be explained by the sum of the individual effects of all the factors. Though their accounting frameworks are quite different, both sets of researchers conclude that they can account for only about 50 percent of the diverging racial employment patterns among youths in the 1970s. Thus we are left with a large part of the problem of black youth employment insufficiently explained (We note, however, that this accounting did not allow for the possible effects of increasing suburbanization of jobs, which, as we noted above, some analysts have recently estimated to have been a rather large factor in some cities).

In discussing each factor separately we have also not touched upon possible (nonadditive) interactions among factors; such interactions might yield results that are different from the simple sum of each individual factor. Two hypothetical examples can illustrate such interactions. It was previously noted that increases in the supply of young workers seem to be related to increases in employment rates and

decreases in wages (relative to adults) for young white males, but they seem to be related to sharp decreases in employment rates and smaller relative wage decreases for young black males. These differences might be due to the interaction of the increased supply of labor and the existence of minimum wage rates and increased civil rights enforcement and affirmative action programs. The wages of young black males were already closer to the minimum wage than were those of young whites, so when the youth labor supply increased employers had less room to compress black wages than white wages. A second possible interaction is between the demographic increase in supply and employer discrimination. Even if the desire to discriminate on the part of employers was not increasing during recent decades, the increase in the supply of both young whites and blacks may have increased the scope for the exercise of discriminatory hiring by employers. This theoretical possibility was emphasized in the earliest exposition of an economic theory of discrimination by Becker.

While these higher-order interactions generate interesting hypotheses, they are extraordinarily difficult to assess empirically, particularly when they involve such factors as the minimum wage or discrimination, which have proved challenging to assess even as singular first-order factors.

Other Influences on Youth Employment

Several research findings do not fit neatly into the supply and demand framework we have used in the preceding sections of this chapter.

We note several of these briefly and then turn to a discussion of social context.

Family Influences and Teenage Experiences

Family background has a positive relationship to the probability that a young person is employed, and Meyer and Wise find that an increase of $5,000 in parental income is associated with an increase of more than three weeks in the number of weeks worked by teenagers.

Other family structure factors do seem to affect employment probabilities. Youths with siblings working are more likely to be working themselves, suggesting the importance of family connections for information or role models. Youths from female-headed families or families on welfare have slightly lower probabilities of being employed.

A somewhat surprising and potentially very important finding in several studies[19] is that <u>there is a strong relationship between hours worked while in high school and later employment and wage rates.</u> Whether the relationship is really causal or simply correlative (i.e., due to a common underlying factor such as motivation) remains unclear. Since one of the major factors in the growth in the gap between white youth employment rates and black youth rates was the growth of in-school employment, this finding is of some importance; the lesser opportunities for employment of blacks while in school may show up later in terms of lower hours and earnings. Obviously, for those interested in the potential benefits from employment and training programs for in-school youths, this finding is intriguing.

A final finding that has drawn the attention of many analysts is that the long-term (i.e., 4-5 years later) effects of unemployment during younger years, sometimes referred to as the "scarring experience of early unemployment," appear to be rather less than had been previously suggested. Once individual characteristics have been controlled for, the experience of early unemployment does not appear to raise the probability of unemployment in the following 4-5 years. This result appears to hold for both young men and young women.[20] In addition, once individual characteristics are held constant, initial wage levels seem to have little relationship to wage levels 4-5 years later. These relatively encouraging findings about the limited effects of early unemployment and wages are, however, counterbalanced by another finding: early unemployment experience <u>does</u> seem to affect wage levels 4-5 years later, and this effect appears to be stronger and more substantial for youths with lower levels of education.

Social Context

A final factor to be considered is the general social context and the way it may influence the formation of perceptions of youth and their responses to labor market opportunities. Past and current discrimination can affect the demand for youth in the labor market. At the same time, to the degree that this social context of discrimination affects the perceptions and attitudes and responses of youth, it can have an effect on the supply of labor as well. The appearance of limited opportunity for blacks in the labor market may have an effect on the rates of school continuation; where future prospects are poor,

diligence in school may not appear to be a rewarding activity. The past exclusion of minorities from some occupations limits their chances to learn the requirements of such employment and to undertake the necessary preparation.[21] Changing social context may be especially important for minority inner city youth. The increased incomes of blacks resulting particularly in more middle and upper-class black has led, in recent years to a movement of some higher-income blacks outside the inner city ghetto. As a result, black inner-city communities may have experienced a loss of leadership and important successful role models for low-income youths and this may contribute to the problems faced by the remaining youths.[22]

III. THE EFFECTS OF YOUTH EMPLOYMENT AND TRAINING PROGRAMS

The most comprehensive review of the effectiveness of recent youth employment and training programs in the United States was undertaken by the Committee on Youth Employment Programs of the National Academy of Sciences, of which I was a member, and I will base most of my review of effectiveness findings on the report of that Committee. Another major review by Hahn and Lerman came to similar conclusions.[23]

The Problems of Measuring Program Effects

In the United States, the interest in evaluating the effectiveness of social programs has increased considerably over the last two decades. As evaluation efforts have multiplied the questions which evaluations seek to answer have become more complex, the methodologies for

evaluation have become more refined and the standards of evidence applied have increased. This is not the place to go into a long review of these developments, interesting as they may be in their own right. However, it may be appropriate to sketch out the kinds of questions which evaluations of programs have sought to address. Here is one brief outline of the kinds of questions posed:

- Can the program be implemented?

  Can the appropriate program structure be created, staff recruited and maintained, participants of the appropriate type recruited and enrolled; can the specified "treatment services" be delivered?

- What happens to the participants during the in-program period?

  How long do participants stay in the program? How are their lives changed during the period they are in the program: do they work and produce more or less than they would have had they not been in the program, do they earn more or less, do they receive more or less transfer payments (in cash or in kind), do they have more or less educational attainment, do they commit more or less crime, do they abuse drugs and alcohol more or less, is their marital or family status different than it would have been?

- What happens to participants after they leave the program?

  How are their lives changed from what they would have been had they not been in the program (the same list of questions as in

the previous section but applied to the post-program period)? Do the effects on their lives (if there are any) decrease, increase or stay the same over time?

- What is the cost to benefit or cost to effectiveness ratio for this program?

What are the costs per participant in the program, from the perspective of society as a whole, from the perspective of the participant, and from the perspective of those not participating in the program? What are the benefits from these three perspectives?

On the surface it may appear that rather straight forward procedures will yield answers to these questions for any given program. In fact, however, providing answers to these questions in a fashion which meets some reasonable standard of evidence is usually quite difficult.[24]

It is the phrase "How are their lives changed from what they would have been had they not been in the program?" which presents the greatest difficulty. In order to say how their lives have changed, we have to say what their lives would have been otherwise. The method which has increasingly been used is to locate a "comparison group" of individuals similar to those who have participated in the program, measure their behavior in the same way as the behavior of those participating in the program and, from these measurements, derive an estimate of what the

lives of participants would have been like had they not been exposed to the program.

Over the years a number of different ways of creating "comparison groups" have been tried. Increasingly, however, it has become apparent that for employment and training programs most of these methods are vulnerable and subject to errors. Subtle differences between participants and comparison group members exist which can effect the outcomes (earnings, employment) but which are not themselves measured; the contrasts between the participants and the comparison group are subject to "selection biases." The method which is least vulnerable to such biases is random assignment. When random assignment is used, persons applying to the program are assigned to participate in the program or to be members of the control group by a random process - each individual has an equal probability of being a participant or a member of the control group.

The conclusion that random assignment is necessary has emerged slowly over the years as experience with alternative methods of creating "comparison groups" has grown. Indeed, the most telling studies on this point have been published in the last few years.[25]

Researchers took data from an employment program, Supported Work (described in more detail below), for which control groups had been created by random assignment, and, therefore, measured program impacts which could be presumed not to be subject to selection bias. Then the researchers constructed comparison groups from other data sources in a fashion strictly analogous to the procedures used by many researchers evaluating employment and training programs. They then estimated

program impacts by contrasting the program participants' employment and earnings with that of the created comparison groups. These constructed-comparison-group impact estimates were compared to those estimated from the contrasts of participants with the randomly assigned control group. The created comparison groups yielded estimates which were in some cases wrong by orders of magnitude.

These results strongly suggest that, when one is looking at evaluations of the effects of employment and training programs, it is necessary to examine carefully the basis on which the effects on the lives of participants are estimated: how sound are the procedures by which the comparison group was created?

Another major problem is loss of sample subjects during the evaluation study the problem is commonly referred to as "sample attrition." This is particularly troublesome when there is differential attrition between the participant group and the comparison group. Even if, at the outset, the participant group and the comparison group were reasonably well matched, if there is differential loss which is substantial by the time of later measurements, there may be attrition bias in the estimates of the program effects.

Another major difficulty to be faced in obtaining reasonable answers to the questions outlined above has to do with the length of the follow-up in the post-program period. If we are interested in the answers to questions about the effects of the program listed above, then it is necessary to follow both participants and comparison group members for a long period of time after the participants leave the program. Experience shows that sometimes positive program effects take as long as

six moths to emerge. In other cases, positive effects show right after the program fade within a few months. Thus, longer-term follow-up is necessary for a sound evaluation of a program's effects, particularly if there is a concern to carry out a cost-benefit or cost-effectiveness calculation.

While this is far from a satisfactory review of the problems of evaluation, it is rather long as an introduction to a review of findings about the youth programs' effects. I have taken space to make these points, however, because they provide a basis of justification for the standards applied in assessing the evidence on program effects. If we are going to decide what is known about the effects of youth programs, we should be fairly clear about what constitutes reasonable evidence concerning those effects.

Given that testing of the efficacy of different programs was explicitly written as an objective in the legislation, one would have expected to emerge from the experience of the YEDPA period with a considerably enhanced knowledge of the effectiveness of various types of youth programs. I turn now to the review of the knowledge of program effectiveness.

What Works, For Whom?

The National Academy Committee, whose results I primarily draw upon for this review of effectiveness, applied standards of evidence closely related to the points about evaluation just reviewed. The Committee began with over 400 reports on youth employment and training activities, almost entirely those relating to projects funded under

YEDPA. It screened the reports and maintained for further review concerning effectiveness only those which met the following criteria:

> "1. That there be pre-program and post-program measurement of major program objectives [primarily employment and earnings];
>
> 2. that comparable comparison group data be presented; and
>
> 3. that initial sample sizes and response rates for participant and control groups be of sufficient size, pre-program and post-program, to allow usual standards of statistical significance to be applied to measured program effects, and to alleviate concern for attrition bias."

I believe that most social scientists would find these reasonable criteria for what constitutes good evidence on effectiveness.

The Committee was surprised and dismayed to find that out of 400 reports on projects only 28 projects had reports on effectiveness which met these simple standards.

The Committee found itself forced to base its conclusions about the effectiveness of youth employment and training programs on the evidence bearing on these 28 projects. It noted that these 28 projects covered, to some degree, a majority of the types of demonstration programs mounted under YEDPA, as well as the other major program categories (except for the Young Adult Conservation Corps), but that the quality and extent of coverage was very uneven:

> "The reports that met [reasonable standards of scientific quality] were not necessarily evenly distributed over the range of operational youth programs or target groups being served. Thus, there are issues with respect to the role and effectiveness of youth employment and training programs that we could not address due to a dearth of reliable evidence. In addition, the quality of the available evidence varies, sometimes supporting strong conclusions, sometimes merely suggesting the direction of program effects."[26]

Because of the limitations of the extent and quality of evidence the Committee emphasized:

> "we caution the reader to bear in mind that to make a determination of either effectiveness or ineffectiveness requires credible evidence. Lack of evidence is not synonymous with lack of effectiveness."

With these caveats in the background, I turn to a review of the evidence. There is not space here to review all the details regarding individual programs. Therefore, I first report broad conclusions about program types and then review in more detail three significant programs.

Broad Conclusions About Effects of Youth Programs

In order to review a large range of youth employment and training programs in a reasonably concise fashion, it is convenient to group the programs into broad categories,[27] but to report separately under each category programs designed primarily for in-school youth and those designed primarily for out-of-school youth.

In what follows I focus solely on the estimates of post-program effects of the programs.

(a) Occupational skills training

For in-school youth, there were virtually no skills training programs which had been adequately evaluated so no conclusions could be drawn.

For out-of-school youth, the Job Corps was the major occupational skills training program and, as indicated in the fuller review below, a

very high-quality evaluation indicated that the program was quite effective. The program had many different components and the evaluation was not designed to assess the components separately so we do not know, for example, how important was the residential aspect of the program or the remedial basic education. The benefit-cost analysis showed that, in spite of the fact that costs per participant are quite high, the net present value of estimated benefits exceeds that of costs. It is clearly concluded that a residential skills training program containing elements like Job Corps can be very effective for youth from disadvantaged backgrounds.

(b) Labor market preparation

This category contains a mix of program types: career exploration (information on opportunities and requirements); basic education training often leading to a General Equivalence (GED) certificate (equivalent to United States high-school completion); orientation to "the world of work" with some direct job experience.

For in-school youth, once again there was no reliable evidence available.

For out-of-school youth, these programs appeared to have generated some positive effects on employment and earnings in a three- to eight-month post-program period, but there was no reliable evidence about whether these effects would be sustained for a longer post-program period. For these programs, then, there is some hint of positive effects, though the evidence is weak.

(c) Temporary jobs

These programs provide temporary, often subsidized, employment for youth.

The major program for in-school youth was YIEPP which I review in detail below. It must be concluded that we do not know whether this program had post-program effects. This is particularly to be regretted because non-experimental work had found a strong relationship between work during the school years and better employment and earnings in the labor market after school.[28]

The Supported Work demonstration, described below, was the major example for temporary work programs for out-of-school work. A careful evaluation based on a random assignment design showed that this program had no long-term effects on youth and its costs far outweighed its benefits. This program did serve a particular disadvantaged segment of the youth population, so it may be that its negative conclusions cannot be generalized to the out-of-school youth population in general.

(d) Job placement

Programs in this category spend most of their effort in finding job opportunities for youth and referring youth to an employer which has a reasonable match to the youth's interests and abilities. They usually also include some training in job-search techniques, how to prepare resumes, conduct in job interviews and sometimes follow-up support once the youth is placed in a job.

For in-school youth these programs appear to have increased employment and earnings in the year following the program, but by the

second year the effects had disappeared. The conclusions are the same as for out-of-school youth in such programs: short-term positive effects, with comparison group members catching up by the second year.

Three Significant Youth Programs

As noted above, a review of youth programs showed that there were very few programs for which there existed evaluations of effectiveness of sufficient quality to constitute sound evidence on what works. In view of this, and because the reader may not be familiar with the characteristics of particular programs in the United States, I provide a more detailed description of three major programs. I have selected these programs for discussion because they are generally regarded as particularly significant with respect to evaluation of effectiveness. All were sizeable in terms of numbers of participants, and quality evaluation research has been done on them.

(a) The Job Corps

The Job Corps program has been run for 20 years by the federal Government. It is a program for out-of-school, economically disadvantaged youth between 14 and 21 years old. A key distinguishing feature is that it is residential, i.e., the participants live in quarters at the site where the program services are provided.

The program provides a complex mix of services including remedial (basic) education, vocational skills training, work experience, health services, and job-search assistance at sites scattered throughout the United States. In fiscal year 1985, the program had 41,000 positions

and served 120,000 participants. The average length of stay in the program was about five months. The youth served were in general quite disadvantaged: 90 percent were either from households below the poverty line or receiving welfare benefits; their median reading levels were at the sixth-grade level. At the time of the major evaluation study (1977), the cost to the Government per participant was $5,700.

The major evaluation of the Job Corps was of high quality. It had a large sample of program participants (2,800) and a non-participant comparison group (1,000). The data were gathered on participant and comparison groups for three to four years and there was a low attrition rate from the sample over that time (70 percent completed the third follow-up). The comparison group was carefully drawn from youth eligible for Job Corps but residing in geographic areas where Job Corps enrollment was low. The best econometric methods available were used to try to control for selection bias. Measurements were taken on a wide variety of factors that could be affected by, or affect, Job Corps experience, including educational attainment, the value of economic production by Job Corps participants, receipt of welfare and other transfer payments, marital status, the rate of pregnancy and child-bearing (for the female participants and comparison group members), the extent of criminal activity, receipt of welfare or other transfer payments, unemployment rates, employment rates, hours worked and income. A careful and complete cost-benefit analysis was done as part of the evaluation.

The evaluation results were:

- After leaving the Job Corps the participants' earnings were 28 percent higher than those of the comparison group (a differential $567 per Corps member in 1977 dollars).
- Educational attainment of the participants increased more than that of the comparison group: within the first six months after leaving the Job Corps the probability of attaining a high-school degree or equivalent was 0.24 for participants vs. 0.05 for those in the comparison group.
- Criminal activity was significantly lower for participants than comparison group members during the period they were in the program and after leaving the program, participants had fewer arrests for serious crimes than did comparison group members.
- After an initial six-month post-program period when enrollees fared worse than the comparison group in terms of employment and earnings, the aggregate positive effects of the Job Corps emerged and persisted at the relatively stable rate throughout the four-year follow-up period. This suggests that the main effects of Job Corps did not stem from job placement alone.
- When the benefits and costs of the program were estimated it was found that, from the view of society as a whole, the net present value of benefits exceeded costs by $2,300 per enrollee (in 1977 dollars). Careful sensitivity analysis was performed to see whether variations in any of the key

assumptions which had to be made for the cost-benefit analysis would overturn the conclusion of benefits exceeding costs and it was found that the positive conclusion was robust under reasonable variations in assumptions.

It is clear that on the basis of this evaluation the Job Corps could be judged to be effective in helping disadvantaged youth. A couple of problems remain however.

First, while the comparison group was very carefully selected and the best econometric methods to control for selection bias were used in analysis, some doubts may remain about selection bias because random assignment to participant and control group was not used. Recent work (discussed above) has cast some doubt on whether, particularly for youth, selection bias can really be avoided when constructing comparison groups by methods other than random assignment and whether the econometric methods commonly used can largely remove any selection bias that results. In spite of these concerns, one should conclude that the best evidence available indicates that the Job Corps is effective.

Second, while we may conclude that the Job Corps is effective, we have no good evidence regarding which aspects of the program are the most important contributors to its effectiveness. As was noted above, the Job Corps is a program with a complex array of elements and one would like to know which elements are most important. For example, a critical issue is whether the residential setting is essential to program effectiveness. Computerized instruction was widely used in the education segments of the program and there is a question whether this was critical for the success of the program in fostering gains in

educational attainment. Evaluation research to date provides no answers to these questions but, as will be discussed below, some demonstration research currently under way may help to provide some insights on these issues.

(b) Supported Work

Supported Work was a national demonstration program which ran from 1975 to 1979. The program had four target groups: women who had been on welfare (Aid to Families with Dependent Children) for at least three years; ex-drug addicts; ex-criminal offenders; youth (17-20 years old) who were high-school drop-outs. These groups were felt to need employment assistance as they had not recently, or in some cases ever, had a regular connection with the labor market. The objective was to help them establish, or re-establish, regular employment. To achieve this, participants were provided with subsidized work experience in which work standards were gradually made more demanding and, throughout, participants were supposed to be guided by supervisors knowledgeable about the problems of the target groups. Participants could continue in the program for up to 12 months (18 months in a few sites) after which they had to move on to regular employment (or back to unemployment if they were unsuccessful - even with the program's assistance - in finding work). Note that this was explicitly <u>not</u> a program providing skills training; such skills as were obtained during the program experience were to be the result only of direct work experience.

The demonstration was run in 15 sites across the country, different sites having different combinations of the target groups. At five of the sites youth were enrolled as participants.

An extensive evaluation effort was carried out in which applicants to the program were randomly assigned to be participants in the program or to be members of the control group. Both participants and controls were interviewed at the point of random assignment and every nine months thereafter, up to a maximum of about 36 months. A full cost-benefit analysis of the program was carried out. Attrition from the sample followed was such that over 70 percent of the sample was reinterviewed at each interval. The entire national demonstration enrolled over 10,000 participants over its course. The youth segment of the evaluation study covered 860 youth participants and controls.

The evaluation showed that while the hours of work and earnings of the participants increased relative to the control group during the period in which the youth were in the program (hardly surprising since both were unemployed at the point of random assignment and the participants were given immediate access to the subsidized job), once they left the program there were no statistically significant differences in employment or earnings. The program had no statistically significant long-term impacts on education or training decisions, drug use, or criminal behavior. The results of the cost-benefit analysis, which was very complete and included sensitivity analysis for key assumptions, showed that from the point of view of society as a whole costs exceeded benefits by $1,465 (1976 dollars) per youth participant.

The Supported Work demonstration showed that for the type of youth served (even more disadvantaged than those served by the Job Corps) a work experience program alone had no significant effects on long-term employment. Whether this negative conclusion about this type of work experience program can be generalized to the youth group who are less disadvantaged than those in Supported Work is, of course, open to question.

It is worth noting that the program did have statistically significant positive effects on employment for two of the other target groups in the demonstration, women on welfare and ex-addicts. For these two groups, benefits of the program were shown to exceed costs, when evaluated from the social point of view. Thus we can preclude the possibility that the negative findings for youth were solely the result of a poorly executed program or flawed evaluation.

I believe it is important for people to be aware of the Supported Work evaluation because it shows that rigorous evaluation can tell us when programs don't work as well as when they do. If we are serious about finding programs that really do help those with employment problems, the bad news is just as important as the good news; resources being used ineffectively help no one and it is important to find out when this is the case and to reallocate them.

As was discussed above, the Supported Work data have also provided a means to draw some strong conclusions about the problems of using constructed comparison groups (as opposed to randomly assigned control groups) for the purpose of evaluation of employment and training programs.

(c) Youth Incentive Entitlement Pilot Projects

The legislation creating YEDPA mandated the establishment of the Youth Incentive Entitlement Pilot Projects (hereafter referred to as YIEPP). The program, which lasted from 1978 to 1981, provided a guaranteed minimum-wage job, part time during the school year and full time during the summer months. The key innovative feature of the program was that all low-income youth who lived in the designated target area of a project were guaranteed a job (thus the "entitlement") provided that they remained enrolled in school or in an approved alternative education program and were making reasonable progress toward a high-school diploma. The short-term objectives of the program were to reduce school drop-out rates, provide work experience and raise incomes of program participants during the program phase. The long-term objectives were to foster, as a result of the program experience, improved employment and earnings after the program period.

There were 17 demonstration projects across the country and about 70,000 youth participated. It should be noted that YIEPP was not a skills training program nor a job-search program. The program was expected to generate effects through either the work experience or through the benefits of any induced continuation of school enrollment.

The evaluation research on YIEPP posed a serious problem because of the "entitlement" nature of the program: an area selected would be "saturated" with job opportunities; thus it would be impossible to draw a comparison or control group from the same area as every low-income youth would be "entitled" to a subsidized job. Moreover, the "saturation" of job opportunities could have an effect on the local

labor market which might make the employment experience of even those who did not participate atypical, i.e., one could not use them to infer what would have happened to the participants in the absence of the program.

The evaluation research design called for the selection of four large-scale sites to be evaluated and four other sites at which the program was not offered to serve as comparison sites. An attempt was made to match the program sites with comparison sites in terms of important characteristics of the population, industry and employment. The results were: Cincinnati, a program site, was matched with Louisville; Baltimore with Cleveland; rural Mississippi counties with other rural Mississippi counties; Denver with Phoenix. Stratified random samples of youth were selected in both the program sites and the comparison sites and were interviewed at the outset in 1978 and then reinterviewed up to three more times through the end of 1981 (the completed sample included 4,046 youth). In the final analysis, individuals in the program sites were compared with those in the matched non-program site to seek to determine the impact of the program.

I will first review some of the reported major findings of the evaluation of YIEPP and then indicate some major doubts I have about the validity of these results.

Statistically significant effects on weekly earnings are reported both for the in-program period and for the post-program period. In-program earnings effects during the school year were estimated to range between 46 and 161 percent higher than earnings in the absence of the

program. During the summer, earnings effects were estimated at 48 to 65 percent higher.

During the period of operation, YIEPP significantly lowered unemployment rates and raised employment and labor force participation rates for young blacks as well as for all youths. Importantly, in light of the discussion above of the disturbing growth in the employment differential between whites and blacks, the program raised the employment-to-population ratio for blacks from 21.1 to 41.32 percent for blacks and from 31.2 to 37.4 for whites, essentially eliminating the differential. In addition, about two-thirds of all youths eligible for the program in the target sites did participate at some time. These results suggest that youths are willing to work at the minimum wage but that, in the absence of a program like YIEPP, employers are unwilling to hire (at the minimum wage) as many youth as want to work.

A stated objective of YIEPP was to increase school-continuation rates (reduce drop-out rates) of the low-income youth eligible for the program. Indeed, continued enrollment in an education program was a condition for continuation in the program. The evaluation concluded that the program had no effects on school-continuation rates; the entitlement to a job was not a sufficient incentive to keep youths in school nor induce those who already had dropped out to return to school.

The ability to estimate the effects of the program experience on employment and earnings after the completion of the program was severely limited because the evaluation study was terminated in the Fall of 1981 when there was only a very limited post-program period for most of the participants in the sample. For reasons touched on below, the final

analysis was focused primarily on the sample of black youth. The estimated effect of the program on this group was to increase substantially (39 percent) the weekly earnings of those eligible for the program, an effect which if sustained over a year would yield an earnings increase of $545. If such effects were indeed generated and sustained, this program would look very promising: it would provide benefits to disadvantaged youth both immediately through increased employment and earnings during the program and, later, in terms of a better post-program employment and earnings experience.

Unfortunately, there are serious methodological problems that make it difficult for us to accept the evidence from this evaluation, particularly with respect to post-program earnings. It is worthwhile to touch on these problems because they show the difficulties which any attempt to evaluate "saturation"-type programs will face.

At the heart of the issue is the question of whether it is really possible to match geographic areas in such a way that the changes over time in the labor markets of one site can serve to indicate how labor markets would have changed over that period of time in a matched comparison site. The necessity to match sites in this way arises from the "saturation" nature of the program. If the program is large enough in a local area to assure an opportunity for program participation of most members of a group in that area, then it is likely to change the labor market circumstances in that area, generating indirect labor market effects even on those who do not participate. Thus to be sure that comparison subjects are unaffected by the program, they cannot be drawn from the same local area where the program is operating.

The belief that one could effectively match geographic sites so their residents could be used as comparison subjects requires a belief that all the factors which determine the evolution of the local labor markets have been captured and adequately matched at the outset, and that any changes in the context external to the locale or which will perturb its labor market are also measured and controlled for in the analytic model used to estimate program effects. We doubt that the knowledge of the factors which affect the evolution of local labor markets and the ability to accurately model and predict that evolution is sufficiently advanced to rely upon it for evaluation purposes. Indeed, some of the experience from the YIEPP evaluation underlies the nature of the weaknesses in this matched-site methodology for evaluation.

The final analysis sample was limited in two ways: first, the major analysis excluded whites and Hispanics, even though data had been gathered on them; second, the Denver/Phoenix pair of program and comparison sites was excluded from the analysis because the Denver program had "implementation difficulties." The exclusion of the Hispanics from the analysis was tied to the exclusion of the Denver/Phoenix pair because the Hispanic sample was highly concentrated in this pair of sites. The rationale for the exclusion of whites was that a large portion of the comparison sample of whites was concentrated in the Louisville site which experienced very sharp drops in white school enrollments and this decline was perhaps due to a controversy over school busing.

A third example of site-comparison problems emerged when the evaluators looked at the individual site results. They found that there was no significant effect on post-program earnings for the Baltimore site which had a program which was generally regarded as the best designed and implemented. The evaluators suggested that this result might be due not to a weak performance by Baltimore but to an unexpectedly healthy economy and, therefore, good youth employment growth, in the comparison site, Cleveland. These examples provide concrete evidence that evaluation based on the use of matched comparison sites is very vulnerable to unpredictable developments.

YIEPP was indeed a significant and sizeable program designed to investigate the importance of direct job experience for low-income youth. Many important things were learned from the demonstration about the feasibility of placing large numbers of youth in jobs. It showed that a sizeable proportion of youth would take such jobs. However, to the degree that the long-term effect on employment and earnings is a major concern, in spite of some indications in the data that it may have had long-term effects on employment and earnings, we are forced to conclude that the method of evaluation is so flawed that we really do not know whether this is an effective strategy for helping such youth.

Some Guidelines for Future Work on Youth Programs

One could devote considerable space to a discussion of why so little was learned about what works for whom. I will not take that space here, but refer those interested to the fuller review in the National Academy report. Below, I will report a few simple guidelines

for future work which I believe will enhance the likelihood of learning more from our experience with youth programs.

One is often asked: Based on experience to date what are the best kinds of youth employment and training programs? It is very tempting to launch into speculation about what is best or what is most promising. But I think it is very important to resist that temptation, to be brutally honest about the limits of our knowledge, to differentiate known facts from best guesses. There are, however, a few hard lessons which can be drawn from the review of recent experience.

These may indeed seem very limited conclusions to report after the massive program efforts undertaken under the YEDPA legislation. Sadly, it is an honest summarization of the state of knowledge about the effectiveness of various types of youth employment and training programs.

- for in-school youth

  If the primary concern is to equalize employment rates of minority and majority groups during the in-school period, the YIEPP program, basically a work-experience job-subsidy program, shows it can be done. Whether there are long-term effects remains unknown and seems worth further trial and investigation. Job-search training can help promote employment in the short term, right out of school, but by itself will have few long-term effects.

- for out-of-school youth

  Residential skills training programs like the Job Corps appear effective, at least for those with very low levels of educational attainment. Work-experience programs alone are unlikely to have long-term effects on employment and earnings. Job search instruction will have a short-term effect but should not be counted on for sustained improvements.

If we now assume a commitment to keep trying to use employment and training programs to alleviate youth employment problems, then some speculations about promising future efforts can be made on the basis of even these limited findings.

First, while job-search training in itself is unlikely to have long-term effects, it probably should be added as an element to programs which have a central core of a different type, e.g., a skills training program. The job-search training may help in the initial transition from the program to the labor market and then the skills training may provide the sustained effects; the effects of a combined program might be multiplicative.

Second, for out-of-school youth, some attempts should be made to determine which elements of the Job Corps-type training are most important. Testing non-residential skills training (see the discussion of the Job Start program below) for them seems a logical first step and, within that, further testing of how differing degrees and forms of basic educational instruction affect long-term outcomes would be important.

Third, for in-school youth a serious and careful test is needed of whether increased work during the school period really has long-term positive effects on employment and earnings (while at the same time not reducing educational achievement).

There are a lot more subsidiary issues that are worthy of investigation but if we have learned nothing else we should have learned that it is better to do a few things carefully and well, with a strong commitment to proper evaluation, than to attempts many different things without being able to determine their effects.

In the U.S., the flow of resources to the youth employment and training program has been sharply reduced even though the magnitude and character of the youth employment problem remains about as it was at the outset of the eighties. In the late 1980s, however, there has been some movement towards trying to build on some of the lessons outlined above, in the careful manner suggested. I turn, therefore, to a review of developments in the 1980s, touching on both changes in legislation and new experimental programs.

IV. DEVELOPMENTS IN YOUTH PROGRAMS IN THE 1980s

New Legislation: JTPA

As noted above, the strong emphasis on employment and training programs for youth ended in 1981 with the termination of the YEDPA programs and, at the same time, the ending of the overall Comprehensive Employment and Training Act (CETA) programs, which covered employment and training for all segments of the population. In 1982, the Reagan Administration passed the Job Training Partnership Act (JTPA). This Act

made some very important changes in the structure and content of federally funded employment and training programs.

As it is my task here to review the elements of JTPA, I will limit my observations to just one relevant to opportunities of black youth in these programs.

It seems clear that the orientation of the PICs and the emphasis on performance standards have tended to bias local programs against seeking out those youth with the most serious problems and trying to provide them with training. Operators working under performance contracts are reluctant to take on high-risk youth. It has always been difficult to get local programs, even under CETA, to seek out such youth and the changed structure of JTPA has given employment and training agencies even greater impulse to avoid those participants with whom it is regarded as difficult to deal.

Current Issues Related to Youth Employment and Training

1. The quality of schooling

In the United States, in the 1980s, problems with the performance of students in school have received increased attention. There was a general perception of a precipitous decline in test scores during the late 1970s and early 1980s. The detailed facts do not support this general perception. They show that most of the decline in test scores was related to particular birth cohorts and worked its way through the school system as those cohorts passed through. Thus the decline in test scores in the fifth grade ended in 1974 and a sharp rebound began which continued up to the latest date available (1984). The same phenomenon

occurred with scores at other grade levels, eighth grade scores bottoming out in 1978 and rebounding and 12th grade scores bottoming out in 1979 and rising thereafter.[29]

Regardless of facts, there has been increasing emphasis at the local, state and national levels on raising achievement standards in the schools, lengthening the school year and enhancing the pay and status of teachers. Federal and state governments are increasingly collecting and releasing information on performance on test scores, state by state and even school district by school district. These scores are widely reported and used as a means of comparing present and past school performance and relative performance of various states or schools.

Note that while this emphasis on increased standards may be laudable it may exacerbate the problems of the populations with the greatest employment difficulties, high school drop outs. Unless the increased standards are combined with more effective programs they may serve simply to further separate the school population and increase the "pushing out" of lower income, minority kids who are already having problems making it to that all important high school diploma.

2. Drop-outs and teenage child-bearing

While attempts are being made to improve the standards in schools, there has been a concomitant increase in attention paid to the high levels of school drop-outs, with concern expressed that steps be taken to reduce such high rates. Even though the high-school drop-out rate has remained roughly constant over the past decade at about 13 percent, there has been increased awareness of the fact that high-school drop-

outs have diminished prospects in the labor market (as noted above in the discussion of the nature of the youth unemployment problem) and the gap between drop-outs and school completers has widened.[30]

Intertwined with this focus on drop-outs is an increasing concern about early child-bearing by women in the school-attending ages.[31] The fact that there is a relationship between early pregnancy and high drop-out rates among women in school has been widely noted. Here again, there is considerable misperception about what has been happening. The rate of pregnancy and child-bearing amongst teenagers has actually been going down. But the rate of illegitimate births has been going up, since decreasing proportions of those teenagers who have children have married, and those who do marry have been divorced with a much slower rate of remarriage. The result, of course, is an increasing proportion of children born into female-headed households. This not only is a problem for the single female parent, but, it has been increasingly apparent, it creates difficulties for the unwed fathers, putting added pressures on a group that already was bound to have difficulties making the transition from school to work.[32]

3. Literacy and basic skills

There has been a sharpened perception that those youth who drop out of school, and many of the teenage parents, have extremely low levels of basic literacy skills. In addition, some believe that employer standards, in terms of a high-school degree or minimal test scores, for entry-level jobs have been rising. Indeed the media and some analysts have seen an inter-relationship among the role of basic

skill weaknesses, technological change and decreased ability of the U.S. to compete internationally.[33]

The argument is that increasing international competition and changes in technology have reduced the range of low skill jobs which will be available in the future at the same time that the demographics of the U.S. population are likely to lead to decreasing numbers of new entrants to the labor force and declines in the skill levels of those entering. These "adverse demographics" are said to arise from the decline in the youth population (outlined above) and an increasing proportion of minorities and persons raised in low income and single parent families, characteristics which have been related to lower levels of academic achievement as conventionally measured. This conjuncture gives rise to the "skills mismatch" hypothesis. These arguments lead in turn to strong proposals for educational reforms and to increasing pressures on the employment and training system to put substantial resources into the provision of remedial education and other forms of basic skills training.

It is important to evaluate these arguments carefully. While most attention has been paid to those raising the cry of "skills mismatch" some analysts have questioned both sides of the proposition.[34] It is interesting to note that a similar concern that a large segment of the labor force would be "left behind" was one of the motivating forces behind the first major Federal training program, the Manpower Development and Training Act. At the same time the National Commission on Automation evaluated similar arguments about the impact of changing technology and found them overstated.

The pressure for increased "basic skills" training in the employment and training system is already mounting and a number of programs are trying different approaches, partly in response to legislative pressures.[35] Further, within the JTPA program there is increasing evidence that admission to training programs is being limited to those who score on screening tests above a certain grade level in reading and math - a trend undoubtedly fostered by the emphasis on performance standards. Thus, at the same time there is increased pressure to provide remediation for those with weak skills, the incentives in the system seem to be causing them to be screened out.

Thus, increasingly, there has been a concern to find the means to provide remedial education for the school drop-out and young adult population. The employment and training system is seen as one of the possible vehicles for providing such remedial education. These concerns highlight the very complex and difficult problems concerning the relationship between the school system, on the one hand, and the employment and training system, on the other hand, a topic which requires a good deal more careful study. Is the employment and training system likely to be an effective vehicle for providing such remediation?

Where attempts at basic skills training are already underway three important issues have arisen. First, some programs try to provide the remedial elements prior to occupational skills training (referred to as sequential programing) whereas others try to integrate the remedial elements with the skills training (referred to as concurrent programing) and there is considerable debate about which is most effective. If there is to be widescale remediation or "literacy training" as part of

the employment and training system, the relative effectiveness of these methods should be carefully evaluated. Second, partly based on the Job Corps experience, there has been considerable interest in using computer assisted instruction to carry out remediation work. There is a considerable amount of such instruction now taking place in training programs but it appears that its relative effectiveness is not being rigorously evaluated. Third, while recently some studies have shown strong relationships between academic grades or test scores[36] and later labor market performance and the experience of the Job Corps and other programs indicates that programs can generate changes in test scores and rates of GED attainment, there are no studies I know of which examine the relationships between changes in academic test scores or attainment induced by training programs and later labor market performance. Careful evaluations with long term followups need to be made to determine both how long the differences in test scores are sustained ("fadeout" of differences are common in other education programs) and whether these differences translate into differences in labor market experiences.

New Experimental Programs

While, as noted above, funding from the federal level for youth programs has been considerably reduced and the emphasis on performance standards has tended to cause those youth programs that are funded under JTPA to gravitate to the less disadvantaged in the youth population, there are several substantial experimental programs under way that seek to address the education and employment problems of disadvantaged youth

and do so in a way which should yield reliable evidence on program effectiveness.

1. Job Start

One of the strongest findings in the review of youth program effectiveness, outlined above, was that the Job Corps was an effective program for out-of-school youth. Partly as a result of those findings, attempts by the Reagan Administration to reduce or eliminate funding of the Job Corps were turned back. Still, questions remain about which aspects of the Job Corps are most important in generating the positive post-program effects.

In order to further test the potential role of skills training programs, the Job Start program has been developed by the Manpower Demonstration Research Corporation. This program seeks to test whether the types of training and services offered by the Job Corps are equally effective when provided in a non-residential setting. Like the Job Corps, Job Start programs are supposed to provide basic education instruction, occupational skills training, training-related support services and job development and placement assistance. Job Start programs have been initiated in 13 sites across the country. About half of these sites use some form of computer-aided instruction (which was a notable feature of the Job Corps educational component). The sites for this program were recruited from among existing education and training agencies with ongoing programs so, while there are broad minimal guidelines which programs agreed to meet, there will be considerable variation among sites in the details of program implementation. This

program will be carefully evaluated through a research design that calls for random assignment of applicants to participant or control-group status and the participants and controls will be followed for over 12 months after random assignment. It can be expected, therefore, that there will be high-quality estimates of the impact of the program on educational attainment, criminal behavior, child-bearing, and employment and earnings.

2. Summer Training and Education Program (STEP)

It has long been noted that the gap in academic achievement between low-income and high-income students becomes more pronounced as they progress through the school system. Several years ago researchers found that the gap widens particularly during the summer months when students are not in school; the test scores of low-income youth fell sharply during the time they were not in school. The STEP program, started by Public/Private Ventures, has been created to determine whether the combination of half-time work and half-time basic skills remediation during the summer months would slow or stop the decline in test scores of low-income youth and thereby attenuate the achievement gap and increase the school-completion rates of low-income youth. The program is targeted on 14 and 15-year-olds who are poor and performing poorly in school. They participate in the program for two summers. The program also includes a life-skills curriculum that encourages youth to make responsible choices regarding sexual activity.

This is a good example of an imaginative use of the funds available through the Summer Youth Employment and Training Program (JTPA

Title IIb) which pays the stipends to the participants and aids them in finding the part time work positions.

The program is being run in five sites across the country. The evaluation research design incorporated random assignment to participant or control-group status. Participants are tested before and after each summer and survey data provides information about their knowledge and attitudes regarding sexual activity. There will be long-term follow-up data on school retention, graduation, child-bearing and early labor market experiences. Early results showed both participants and controls experienced learning losses during the summer but that the losses of the participants were less than half that of the controls. On the early evidence, this looks like a promising program for low-income youth still in school. Plans are underway for its expansion to many more sites but it is regrettable that there are no plans for further evaluation of the impact of the program at these expansion sites.

V. POLICY RECOMMENDATIONS

In this section I discuss in a more extended fashion the policy recommendations which were previewed at the outset of the paper.

In spite of the long, continued recovery of the U.S. economy from its major post World War II recession in 1982-83, the employment problems of black males remain substantial. The unemployment rate for black males is 2.3 times that of white males, even in this current relatively tight labor market situation. An even more meaningful statistic is the employment-to-population ratio which for all black

males in 1988 still had not returned to the level that it had attained in 1979, which in turn was substantially below the level it had been in the 1960s and early 1970s.

The employment problems of black youth are particularly serious. Less than one-third of black males 16-19 were employed in 1988, and their employment-to-population ratio was still below the level it was in 1979, which was itself substantially below the levels of employment-to-population ratio for the 1960s and early 1970s for this group. Thus, it remains important to pursue the question of how employment and training policies can address the problems of employment for black males, and for black male youths in particular.

In considering the employment problems of blacks and what government policies and programs might do most to alleviate those problems it must be emphasized that the most important policies affecting the employment of black males are monetary and fiscal policies which influence the general state of the economy and the tightness of labor markets. No employment and training policies can come close to providing the improvement in employment of black males that sustained low unemployment rates throughout the economy provide. The sharp recession of 1982-83 generated by the monetary policies did enormous harm to the employment of blacks in general and black youth in particular. It is critically important to them that labor markets stay as tight as they currently are for an extended period of time so that the benefits of employment and related improved incomes can work their way deeper into the troubled heart of the central city and begin to give inner city youth better reasons to believe that staying in school,

getting job skills will pay off for them. When the threat of inflation tempts policy makers to consider contractionary policies it is important that they be reminded of the terrible price paid by black people for the contractionary policies of the past and that they consider alternatives to induced recession (e.g., incomes policies) as a means of reducing inflationary policy.

In addition, tight labor markets are very important for the success of such employment and training programs as are offered by the Department of Labor. Training people in skills makes little sense if labor markets are already flooded with an excess supply of experienced but laid off workers. When discussing employment problems in the context of a Department of Labor initiative, such as the Commission for which we write these papers, there is a tendency to think only in terms of those government policies which fall immediately within the purview of the Department of Labor. But those policy makers with responsibility for broad macro policies often lose sight of the particular, focused impact of those policies on sub-groups of the population; voices reminding them of how their policies may have long term effects on inner city blacks and other minorities may encourage them to err a bit on the side of inflation in order to preserve the gains to this population generated by continued tight labor markets.

I turn now to narrower policy recommendations. The policy recommendations which are outlined below apply, for the most part, to the employment and training system in general; they are not stated solely in terms of their effect on black males. However, the strengthening of the system which would follow from these recommendation

would, I believe, have its greatest impacts on blacks in general and black males in particular.

A. The Employment and Training Policy and Program Process

Before turning to specific program and policy issues, I want to make a plea for careful consideration of the process by which employment and training policies and programs are developed and implemented.

A Commission such as that on Workforce Quality naturally tends to look for recommendations for programs and policies which can immediately put into action at the national level. This has been the approach in the past: Commissions recommend programs which are, to some degree, legislated and implemented, e.g., MDTA, CETA, YEDPA, JTPA. But then, when a few years after implementation we ask what do we know from those programs about what is effective in dealing with employment problems the answer has been, almost without exception, "very little." Indeed, I would argue (and will document below) that after over 20 years of employment and training programs we know almost nothing about "what works, for whom" in employment and training programs. It is time for the Commission to call attention to the process by which employment and training policies are developed and implemented to see if we cannot put ourselves in a better posture to learn from experience with these programs so that in five to ten years another Commission is not faced with the conclusion that little is known about what works or doesn't work.

I believe that a process can be developed that will lead to more systematic learning from experience and to better programs. The

approach is simply that of staged development. Program ideas start from research on the character of the employment problems for specific groups, in given places and times. Below I review some of this sort of research with respect to youth employment problems. The research generates ideas about what sorts of programs might help ameliorate problems and this should lead to a pilot project program embodying the idea. This pilot project should be rigorously evaluated as it is implemented and after. On the basis of this evaluation, if the program appears basically effective, the program concept should be replicated more broadly, i.e., in different sites and with new groups, once again with a rigorous evaluation. This evaluation will permit a second assessment of effectiveness and further adjustments in program details to attempt to improve its effectiveness and assure that is applied to the appropriate groups, i.e., learning about what works for whom will allow allocation of resources for maximum effect. Then the program concept is ready for national legislation and implementation and, equally important a sound base of experience is available so that technical assistance may be provided to those who must now implement the national program (even when implementation is essentially at the local level following national guidelines).

This may all sound overly formal and slow as a process for developing programs and perhaps even infeasible. But we have a good example of an area in which such a process has unfolded, though not entirely as a preconceived procedure. That is the process which led up to the passage in the Fall of 1988 of the Family Support Act. Research began in the early 1970s leading to the National Supported Work

Demonstration in the late 1970s. That project, with a rigorous evaluation, showed that an employment program could be effective in raising the employment of women on AFDC. The MDRC state work-welfare demonstration/experiments tested other employment and training strategies for this group and showed them to be effective in many different settings, always with rigorous evaluation. MDRC, Mathematica Policy Research and other groups pulled this experience together showing how resources could be most effectively allocated to various groups in this population. This was fed into the legislative process which resulted in the Family Support Act.

A reviewer of an earlier draft of this paper argued that the emphasis on evaluation and on research was too "whimpy" an approach for this Commission which has to act on "what we know now." But if Commissions such as this continue to ignore the importance of assuring that the process of policy and program development is shaped better in order to learn from the experiences we have with employment and training programs, then future Commissions will have to receive to same message, we know damn little. In my view, therefore, this recommendation has the highest priority.

B. The Major Issue: How to Deal With the Employment Problems of Inner City Dropouts

The employment problems of blacks, and the employment problems of youth in general, are particularly concentrated among those males who have dropped out of high school and live in the inner city. The major

question is what role the training system can play in ameliorating the problems of this group.

1. What can be done to reduce school drop outs?

In general, this has been perceived to be a problem for the educational system to resolve. However, in the past there have been a number of initiatives involving employment and training programs which have been viewed as potentially contributing to a reduction in school dropout rates. One relatively new initiative which deserves careful attention is the Summer Training and Education Program (hereafter STEP). This program (reviewed above) seeks to provide educational experiences during the summer months for minority, at-risk kids aged 14-16 in order to reduce the losses in verbal and mathematical skills, which occur for these groups during the summer months. Participants in this program have wages paid to them through the Summer Youth Employment Program and spend part of their time in academic instruction and part of the time working in summer jobs. In the pilot demonstration phase, this program is being carefully evaluated with random assignment to control groups. The initial findings of the effects of this program on the verbal and mathematical skills at the end of the summer of training were encouraging. The program is in the process of being replicated and spread to more sites, but in these new sites there is no evaluation component.

At the same time, in response to changes in the legislation in 1986, the Summer Youth Employment Program has had increased remediation as part of the program in many sites. However, there appear to be no

plans to evaluate the effectiveness of this increased remediation element either. It is important for the Department of Labor to generate rigorous evaluations both of the expansion of the STEP program and for remediation efforts under Title IIb in general, to seek to determine how effective remediation in these program contexts is in improving both the verbal and mathematical skills of the participants over the long term and ultimately their employment as well. While test scores may be raised in the short run, it is important to determine whether those gains are sustained over the long run and if they are translated into better employment experiences.

2. What Can Be Done to Increase the In-School Employment Opportunities of Black Youth?

As noted above, a major difference in employment between black and white youth has been the emergence in the 1970s and 1980s of an increase in in-school employment for Whites but no such increase for Blacks. In light of the research evidence cited above, which suggests that higher in-school employment is correlated with higher employment and wages after school, these differences in in-school employment may have long term consequences reflected black-white differences in subsequent employment experiences.

The experience under the Youth Incentive Entitlement Pilot Projects would seem to indicate that a large part of this difference between black and white in-school youth employment was due to the absence of opportunities for the black youth since, under that project, when all the youth in the district were guaranteed a job the employment-

to-population rate for Blacks became equal to that of whites. However, the early termination of the project and problems with its evaluation prevented the determination of whether the in-school work experience would be translated into long term improvements in post-school employment. A new pilot project, with a rigorous evaluation, should be mounted to seek to determine whether employment of youth while still in school can be increased, e.g., through wage subsidies, and what its long term effects would be.

Careful attention should be paid to what has been happening in particularly tight labor markets. Have the differentials in in-school employment between blacks and whites tended to narrow sharply as the labor market has gotten a good deal tighter? The data for 1988 cited above suggest that this may be the case nationwide in the last year but more detailed analysis of particular areas where labor markets have been tight for a long time would be useful. If sustained tight labor markets effectively remove differentials in in-school employment then special projects should be brought on line only when markets slacken.

3. What Can Be Done to Make Employment and Training Programs--Basic Education and Skills Training--More Attractive to Inner City Youth?

Most basic education and training programs (as opposed to direct work experience or employment programs) have had difficulties recruiting inner city minority youth, even in situations where unemployment rates are quite high. It appears that the programs are believed by such youth to be programs for "losers" and simply participating in such programs may label the youth as "losers." As noted above, there is some

empirical evidence that tends to lend support to this belief. Some careful investigation needs to be done, and some innovation in programming, perhaps, undertaken, in order to make these programs more attractive to the youth who appear to be in the greatest need of them.

4. How Do the Problems of Minority Youth Employment Relate to the Drug and Criminal Activity in These Inner City Areas?

While the media picture of the inner city is one in which drugs and gang activity predominate, and there is a lot of anecdotal evidence about the opportunities for youth in the inner city to make large sums of money in these activities, there is, to my knowledge, very little, if any, systematic information about the extent of involvement in drugs and crimes for the broad group of the low-income black youth in the inner city. It would appear that a high priority should be put on attempting to gain such systematic information. It would seem important to know these facts in order to assess whether employment and training programs are likely to be able to "compete" with such alternative activity and to determine whether there are changes in the design of employment and training programs which would make them more effective in the context of high drug and crime situations.

C. Issues Requiring Intensive Research, Program Innovation and Testing

1. Spatial Mismatch

As we noted in the review of evidence, increasingly there seems to be indications in the research that a substantial part of the problem of

employment for black youths is related to the suburbanization of jobs, at least in several of the major northeastern cities. In the 1970s it appears that jobs moved from the center city to the suburban ring and that this movement made it harder for black youths to obtain employment.

The Department of Labor should support research to further investigate the extent and nature of the spatial mismatch of jobs and inner city low income persons.

The first question which deserves further careful research is, just how extensive was this problem of loss of job opportunities for inner city youth through the movement of firms to the suburban ring? Is this a phenomenon limited to a few big cities, or is it fairly widespread? Has the experience of the 1970s continued on into the 1980s?

The second question, and a quite important one, is this a situation which persists as the SMSA labor market tightens, or does the tightening of the labor market lead to efforts, both by employers and by the inner city youth to make connections?

The third question is: if indeed it appears that this spatial mismatch is a significant factor and persists in tight labor market situations, what programs can be devised which can alleviate this disequilibrium situation?

The first consideration which comes to mind is, of course, is the problem of residential segregation. It appears that this has been a major factor in preventing blacks from moving into the suburban areas where jobs are growing. Programs dealing with residential segregation are not exactly in the purview of the Department of Labor, but at the

same time, if this is a fundamental factor in the employment problems of black youths, then it should be recognized and the Department of Labor should lend its support to any efforts to deal with residential segregation.

Second, is the question of transportation. If it is not possible for black families to move near the jobs, then at least it should be made more possible for them to travel to those jobs. Therefore, some investigation of programs relating to transportation of workers from the central city to the suburban fringe would make sense.

A third possible area for program innovation is in the area of job search. Some of the disequilibrium may be due to inefficient search for jobs by black youth, and specially designed programs to make them more aware of opportunities on the suburban outskirts, and to make employers more aware of the availability of the supply of black, inner-city youth, could be important.

A fourth possible area for program innovation has to do with school-business connections. Although there has been a lot of rhetoric surrounding some school-business connections, careful reviews of the actual experience suggests that they have had limited impact. However, some attempts to stimulate school-business connections, particularly between businesses located on the suburban outskirts and inner city schools, would be worthy of further investigation.

2. The Skills Mismatch and Literacy Issues

In the past few years we have heard a great deal about the problems of illiteracy in the work force and concerns about growing

international competition and the evolution of technology in the directions requiring higher levels of literacy. This is combined with the observation that those population groups with the lowest academic performance are going to be an increasing proportion of all new workers. Thus some argue skill requirements demanded will be going up while skill qualifications of new entrants will be going down - thus, the "skills mismatch" or the "literacy problem." These concerns have been widely cited as creating an imperative for new education and training initiatives.

In the late 1950s and 1960s there was a similar concern about the changes in technology and the inadequacies in the labor force. Indeed, to a degree, it can be argued that the original labor department training programs, The Manpower Development and Training Act, arose from those concerns. However, at the same time we had the National Commission on Automation, which, after a careful review, concluded that concerns about automation leaving large sections of the labor force unemployable were not realistic.

It would seem, therefore, that a careful look at what can actually be said about changing job requirements would be timely and important. That is, rather than simply accepting sweeping conclusions about the levels of literacy required for productive employment over the next 20 to 50 years, some systematic investigation should be under taken to better determine the factors which are likely to influence the changing requirements of jobs over the next decade and their relationships to the education and training needed in the labor force. A great deal of resources can be put into basic education efforts on the presumption

that without such efforts large segments of the labor force would be unemployable. Whether this level of resources and this activity are necessary is an important question to attempt to address.

In the mean time, given that expenditures are going to be made on remedial education efforts in training programs, a current debate, which deserves careful attention, is whether such literacy efforts should be undertaken sequentially or concurrently with skill training efforts. Several current programs in the demonstration stage (Job Start and Minority Female Single Parents Programs) have yielded information which highlights this issue. Some local sites have strongly emphasized providing literacy training prior to skills training while others attempt to meld the two together concurrently. A careful look at which of these appear to be most effective for which types of groups is an important issue if remedial education is likely to become a major and widespread component in training programs.

Third, the emphasis on the need to raise verbal and mathematical performance has led to an emphasis in programs on increases in test scores and/or attainment a high school diploma or a GED. While it has been shown that in the population higher test scores and high school diploma or GED are associated with better labor market performance, I know of no evidence that bears on the question of whether changes in test scores or diploma or GED induced by a program are, in fact, translated into better labor market experiences later. Some evidence to date suggests that induced short-term gains in test scores tend to disappear over time. Longer-term followups and careful evaluations are critical for understanding whether these basic education programs are

effective beyond simply short-term gains in test scores. Careful attention should be paid to systematic studies of whether basic education programs within the training context which raise test scores and GED attainment (e.g., The Job Corps, Job Start, STEP) really do have long-term effects, both in terms of sustained test score and in terms of translation of those increased test scores into differences in employment capability.

Fourth, the literacy issue interacts with the characteristics of the Job Training Partnership Act (JTPA) in an important way. The emphasis on performance standards through the JTPA has pushed the program operators at the local level to select those trainees who are most likely to succeed in getting employment, referred to as "creaming." More concretely, it appears that increasingly the training programs themselves have set up minimum literacy standards so that those with weak test scores are being screened out of the skills training programs. Thus, the emphasis on literacy may have inadvertently led to a worsening of the skill training opportunities for black males (and other disadvantaged) at the same time that people are talking about the increasing need for basic skills, the government training programs have been moving away from the populace that appears to most need help in obtaining those skills. I understand the general problem is currently being addressed in the context of amendments to JTPA legislation, but particular attention needs to be paid to the role of test use and test criteria for program entry into JTPA and other employment and training programs.

This problem of test screening feeds back into the issue raised above regarding concurrent or sequential remediation. It may, indeed, be that basic skills remediation is most effectively accomplished when it can be combined with the kinds of skills training which motivates disadvantaged persons to become involved in training efforts. Thus, sequential structures combined with test screening may squeeze out many who could benefit from combine basic education and skills training.

Finally, with regard to literacy, is the very broad issue of how the basic education efforts of the employment and training system should relate to the school systems. In some sense, the employment and training system is being asked to fill a function that the schools should be fulfilling but have failed to do so.

D. Broad General Considerations

In addition to talking about specific types of program interventions, it is important to consider issues regarding the general organization of the employment and training system.

One of the deep problems of the system, which arises again and again, is that of focussing resources on those segments of the population who are in most need of training assistance without at the same time stigmatizing these population groups. We hear increasingly the old phrase, "A program for the poor is a poor program." There is pressure in many quarters to make all social programs "more universal." The question is, however, whether one can create "universal programs" where there is a reasonable assurance that poor people will, indeed, obtain a fair share of the resources provided in such programs; poor

people tend to be quickly squeezed out by the more aggressive middle class whenever resources are open to both. What is needed here, then, is development of ideas about how to structure employment and training programs that will, indeed, be more universal in character and yet will not move in a fashion to reduce the likelihood that poor and minorities will have access to the resources provided by the program. Developing models of such organizational structures and then testing them is an important priority for the future development of the employment training system.

The second major issue is the relationship of the employment and training program to the educational system. The employment and training system is, in large part, trying to do what the education system should be doing, but for some significant segment of the youth population it fails to do. Yet the employment and training system has not attained stability of funding, professionalization of staff and delineation of authority, in short, institutionalization of the sort that has given the educational system its accepted place in the mainstream of American life. As a result, in most communities, organizations involving employment and training are considered marginal. The educational system, on the other hand, should not be taken as an exact model for the institutionalization of the employment and training system since it has not yet found an effective way to prepare a substantial segment of the youth population for later employment and often proves heavily bureaucratized and resistant to reform.

There have been periodic attempts of employment and training programs to involve the school systems as part of the training effort

with regard to youth, but these efforts have, in general, been judged a failure, perhaps because the incentives for the school system to participate are simply too weak relative to those general incentives bearing on the education system as a whole. The youth the employment and training system has been dealing with are those which the educational system is, in most cases, all too happy to get rid of.

It is time, I believe, for a thorough-going study of the roles and relationships of the education and employment and training system. We have had separate studies of the educational system, the vocational/educational system and the job training system, but rarely have we had attempts to look systematically at all of these institutions and programs and their inter-relationships (and apparently we should add in here community colleges which have become increasingly involved in elements of training similar to that of the employment and training system).

Some of the problems of coordinating the educational system and the employment and training system undoubtedly derive from the differential structure of authority and financing in the two systems, with the educational system largely controlled by local authorities and financed from local and state resources, and the training system largely controlled by state and federal authority and funded from federal funds. It has been pointed out that the movements from CETA to the JTPA, with the increased emphasis on the private industry councils and the service and delivery areas have tended to move the authority structure of the employment and training system closer to the local level. Some of the

interesting proposals for major reorganization of the system building around the PICs and SDAs (Osterman 1988) deserve some attention.

One very important role that the federal government can play in the employment and training system is through fostering adequate evaluation of program activities and dissemination of the results of those evaluations. I have already outlined above the elements of a better process of program and policy development. As concluded above, we have had over 20 years of employment and training programs, and yet we know relatively little about what works for whom because little effort was put into funding and implementing reasonably designed evaluations of the effects of these programs. In the last few years there have been increasing efforts to move in the direction of better evaluations of employment and training programs, so we are beginning to learn a bit more about what works and what doesn't work. Still, it appears that sustained effort in this direction requires pressure from the federal government. State and local governments appear to have limited interest in careful evaluations, as well as less expertise in how to design and implement them. An important part in fostering better evaluations is to provide substantial leveraging funds in order to encourage local programs to participate in rigorous evaluations. The knowledge generated by such evaluations benefits a much broader community and therefore it is sensible to substantially augment local funds to ensure participation in such evaluations.

The federal role should also involve substantial technical assistance to localities in a more decentralized job training system. Thus, a central federal group encouraging evaluations, obtaining results

and disseminating them through technical assistance could enhance a more decentralized training system, permitting local adaptation of configurations of programs that seem best to suit the populations and situations of those local communities but at the same time taking advantage of a much broader base of knowledge generated through the coordinated efforts brought about by the central federal agency.

Such a central federal agency could also encourage the development of programs in a more systematic way through a series of staged tests of alternative models, accompanied by careful evaluations with long-term followups, moving from early pilot projects through secondary testing on a broader basis before proceeding to nation-wide programs, per se. As described above, this is what we have seen happen in the work/welfare area (although not consciously organized as such).

More attention should be paid to the question of adjusting the mix of employment and training programs to changing aggregate economic and local labor market conditions. While there has been a lot of variations in the level of training program activity in local areas related to fluctuations in federal funding and emphasis, this has not been done in any conscious way that recognizes that the needs for training are liable to change as a given labor market moves through the business cycle, or is subject to long-term structural changes.

It is important to try to determine not only when to start up programs but also when to close them down because the services they provide are no longer appropriate for the local labor market conditions.

E. Some Specific Program Initiatives

Aside from the broad considerations outlined above, we can focus more narrowly on specific known programs which deserve continued attention. First, the occupational skills training programs appear on the evidence to be effective in improving the employment of young black males.

The evidence for the Job Corps is persuasive, and on the basis of that evidence it certainly deserves to be continued and perhaps expanded. There are questions about which of its components are most important to its success which should be investigated further.

The Job Start Demonstration Project deserves very careful attention, since it is an attempt to carry out occupational skills training and some remediation in a non-residential setting. A carefully designed evaluation will yield estimates of the impact of this program and sustained federal support and expansion of this type of program should depend on the results of this evaluation.

The Summer Youth Employment Program seems to have sustained political support, so the major effort should be to try to shape the use of these resources in the most productive way. One way that they have been used recently is in the demonstration STEP Program. The early results of the rigorous evaluation of this program of combining summer work with academic programs is encouraging. Expansion of that program is currently occurring but without adequate evaluation of its impact. Careful evaluation of its impact should be part of the process of deciding whether further expansion of this program is warranted.

Finally, one proposal that deserves careful study is that of instituting a training tax to be used through industry councils to support training by the industries themselves and by vendors. There is some experience with attempts to use such training taxes in a number of countries, and a first step would be to try to pull together in a careful and systematic way what can be learned from the experience of these countries about the effectiveness of such training tax schemes and the kinds of problems which are likely to be encountered.

NOTES

1. Fortunately, there are a number of excellent studies of youth employment problems which have been developed in the early 1980s. The review which follows draws heavily on these studies. References are: D. Ellwood and D. Wise: "Youth employment in the seventies: The changing patterns of young adults;" NBER Working Paper No.-1055, National Bureau of Economic Research; R. B. Freeman: "Why is there a youth labor market problem?", in B. E. Anderson and I. V. Sawhill (eds.), Youth Employment and Public Policy; Prentice-Hall, 1980; R. B. Freeman and D. A. Wise: "The youth labor market problem," in R. B. Freeman and D. A. Wise (eds.): The Youth Labor Market Problem: Its Nature, Causes and Consequences, National Bureau of Economic Research Conference Report; Chicago, Ill.: University of Chicago Press, 1982; Congressional Budget Office: Improving Youth Employment Prospects: Issues and Options; United States Congressional Budget Office, 1982; R. B. Freeman and H. J. Holzer: "Young Blacks and Jobs: What We Now Know," in Public Interest, Vol. 78, 1985; R. D. Mare and C. Winship: "Racial Socio-Economics Convergence and the Paradox of Black Youth Joblessness: Enrolment, Enlistment and Employment, 1964-81," NORC Economics Research Center Discussion Paper, National Opinion Research Center, 1983; and A. Rees: "An Essay on Youth Joblessness," in Journal of Economic Literature, June 1986. Much of what follows is based on the work in C. Betsey, R. Hollister and M. Papageorgiou. (eds.) Youth Employment and Training Programs: The YEDPA Years, National Academy Press 1985.

2. There are two major reasons why the unemployment rate is not the best indicator of employment problems for youth. First, as with the rest of the population, the unemployment rate for youth is taken as the ratio of unemployment to the labor force. Whether individuals are counted in the labor force depends upon whether they say they are looking for work. The phenomenon of discouraged workers (that is workers who have looked for work for a period of time but who have become discouraged about the prospects of obtaining work and stopped looking) is likely to be particularly severe in the youth population. Ignoring discouraged workers tends to understate the size of the labor force and therefore to understate the unemployment rate. Secondly, and perhaps more importantly, the concept of unemployment in the school-age population is ambiguous. Young people can be enrolled in school but still say that they are looking for work and if they do not find a job are counted as unemployed. This component of youth employment statistics is substantial. For example, almost half of the 1978 teenage unemployment was shown to be generated by youths who were enrolled in school. For these reasons, then, it seems more sensible to focus primarily on the employment-to-population ratio as a measure of the degree of employment problems.

3. The years 1957, 1964, and 1978 were selected because in each of these years the unemployment rate for white males aged 35-44 was an identical at 2.5 percent and the business cycle was about at its peak; 1984 was selected to provide a view of youth unemployment during the recovery and 1988 for most recent figures.

4. The years 1957, 1964, and 1978 were selected because in each of these years the unemployment rate for white males aged 35-44 was an identical 2.5 percent and the business cycle was at its peak. In 1984, the rate of unemployment among white males aged 35-44 was 4.6 percent.

5. The years 1964 and 1978 were selected to provide consistency with other tables in this chapter. Appropriate data were not published in 1957 (or earlier years). Data for 1981 show the early effects of the recession and data for 1988 give a picture of the current situation.

6. In this discussion of Tables I.3 we used statistics for black youths rather than for nonwhite youths. This reflects the categorization used in the published statistics.

Federal statistics for recent years generally divide the population by black and white and include counts for the total population (so nonwhite statistics can be computed). For earlier years it is often the case that only statistics for whites and nonwhites were published. It is thus impossible to produce long time series (e.g., 1950-1980) that describe the black youth population. Nonetheless, the nonwhite statistics, while less than ideal, do capture much of what is important since blacks constitute the vast majority of the nonwhites in the United States. In 1980 the nonwhite population included: 26.5 million Indians, Eskimos, and Aleuts; and 6.8 million persons whose race was classified as "other."

7. See J. P. Markey "The Labor Market Problems of Today's High School Dropouts" Monthly Labor Review June 1988.

8. The years 1957, 1964, and 1978 were selected because in each of these years the unemployment rate for white males aged 35-44 was an identical at 2.5 percent and the business cycle was about at its peak; 1984 was selected to provide a view of youth unemployment during the recovery and 1988 for most recent figures.

9. See T. Nardone "Decline in Youth Population Does Not Lead to Lower Jobless Rates" Monthly Labor Review June 1987 for more details.

10. A much fuller review of the literature and discussion of the various factors is provided in C. Betsey, et al., op. cit.

11. In Freeman and Wise, op. cit.

12. R. B. Freeman "Why is there" op. cit.

13. H. Bowers "Have Employment Patterns in Recessions Changed?" Monthly Labor Review February 1981.

14. L. Badget "The Changing Industrial Structure of Black Unemployment" unpublished, Dept of Economic, Univ. of California, Berkeley, December 1988.

15. J. S. Leonard "The Interaction of Residential Segregation and Employment Discrimination" NBER Working Paper N.1274 National Bureau of Economic Research 1984.

16. See G. J. Borjas, R. Sousa, and F. R. Welch "The Labor Market Experiences of Young Men" Unicorn Research Corp. (U.S. Dept. of Labor Contract) November 1985; G. C. Cain and R. Finnie "The Black-White Difference in Youth Employment: Evidence for Demand-Side Factors" Institute for Research on Poverty Discussion Paper 848-87, Univ. of Wisconsin, October 1985; K. R. Ihlanfeldt and D. L. Sjoquist "Job Accessibility and Racial Differences in Youth Employment Rates" Georgia State University, undated.

17. See C. Reimers: "Labor Market Discrimination Against Hispanic and Black Men", in Review of Economics and Statistics, 1983; P. Osterman: "The Employment Problems of Black Youth", in Vice-President's Task Force, op. cit., Vol. II, 1980.

18. Ellwood and Wise, op. cit.; Mare and Winship, op. cit.

19. R. Meyer and D. Wise: "High-School Preparation and Early Labor Force Experience," in Freeman and Wise (eds.), op. cit.; W. Stevenson: "The Relationship Between Early Work Experience and Future Employability," in A. Adams and G. Mangum (eds.), The Lingering Crisis of Youth Unemployment. Upjohn Institute of Employment Research, 1978.

20. D. Ellwood: "Teenage Unemployment: Permanent Scars or Temporary Blemishes?"; and M. Corcoran: "The Employment and Wage Consequences of Teenage Women's Non-Employment," in Freeman and Wise (eds.), op. cit.

21. J. Ogbu, "Stockton, California Revisited: Joining the Labor Force", in K. Borman (ed.), Becoming a Worker. Ablex, 1985.

22. See E. Anderson, "The Social Context of Youth Employment Programs" in C. Betsey et al., op. cit. and W.J. Wilson The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy, University of Chicago Press 1987.

23. A. Hahn and R. Lerman What Works in Youth Employment Policy? National Planning Associates, 1984.

24. For a discussion of these problems, see G. Cain and R. Hollister: "Evaluating Social Action Programs," in R. Haveman and J. Margolis (eds.): Public Expenditure and Policy Analysis, 3rd edition, Houghton Mifflin, 1983. For a description on a cost-benefit analysis which went the furthest in answering all these questions for a given program, see P. Kemper, D. Long and C. Thornton: "A Benefit-Cost Analysis of the Supported Work Experiment", in Haveman and Margolis, ibid.

25. See T. Fraker and R. Maynard, "The Adequacy of Comparison Group Designs for Evaluations of Employment-Related Programs" Journal of Human Resources Spring 1987 and R. LaLonde "Evaluating The Economic Evaluations of Training Programs with Experimental Data" American Economic Review September 1986.

26. Betsey et al., op. cit., p. 106.

27. The National Academy Committee's classification, which I utilize here, was:

> "1. Occupational skills training: to equip youths with specific occupational skills and knowledge as a prerequisite either to further training or job placement in that occupational field. (Examples...[are] on-the-job and classroom training in...welding, drafting, carpentry, health, and computer occupations.)
>
> 2. Labor market preparation: to improve attitudes, knowledge, and basic skills as preparation for entering employment. This category encompasses such programs as career exploration and world-of-work orientation and programs designed to enhance youths' general educational level and skills, thereby improving their future career possibilities. (Examples of the latter are basic - remedial - education...programs.)
>
> 3. Temporary jobs: to provide youths with employment and general work experience in temporary subsidized jobs, either full time or part time. (Examples of such programs include work experience programs and the Summer Youth Employment Program.)
>
> 4. Job Placement: to place youths in unsubsidized jobs. Services provided may include job-search assistance, placement, and follow-up activities."

28. See R. Meyer and D. Wise, op. cit.

29. See Congressional Budget Office: Trends in Educational Achievement and Educational Achievement: Explanations and Implications of Recent Trends, United States Congressional Budget Office, 1986.

30. A summary overview of the problem can be found in Government Accounting Office: School Drop-Outs: The Extent and Nature of the Problem (GAO/HRD-86-106BR), June 1986, United States Government Accounting Office.

31. An unusually rich perspective on the consequences of teenage child-bearing is presented in F. F. Furstenberg, J. Brooks-Gunn and S. P. Morgan: Adolescent Mothers in Later Life, Cambridge University Press, 1987.

32. For some discussion of this, among other issues relating changing family structure to job markets, see R. Lerman and T. Ooms "Family Influences on Transition to the Adult Job Market" Youth and America's Future: William T. Grant Foundation August 1988 as well as W. J. Wilson, op. cit., and G. Berlin and A. Sum Toward a More Perfect Union: Basic Skills, Poor Families and Our Economic Future Occasional Paper #3, Ford Foundation Project on Social Welfare and the American Future, Ford Foundation 1988.

33. See for example, Berlin and Sum, op. cit.

34. The strongest case for rising skill requirements in the future is made in W. B. Johnson, et al. Workforce 2000: Work and Workers for the 21st Century Hudson Institute 1987, more skeptical views are presented in H. M. Levin and R. W. Rumberger "Educational Requirements for New Technologies: Visions, Possibilities, and Current Realities" Educational Policy Vol 1, No. 3, 1987. An excellent review and balanced assessment of the issues can be found in R. Murnane "Education and the Productivity of the Work Force: Looking Ahead" in R. E. Litan, R. Z. Lawrence and C. L. Schultze, edits. American Living Standards: Threats and Challenges Brookings Institution 1988.

35. See "Summer Youth Jobs Program: Congressional Action Has Increased Emphasis on Remedial Education" U.S. General Accounting Office GAO/HRD-88-118 September 1988.

36. See Berlin and Sum, op. cit., but for some contrary indications see J. Bishop "Employment Testing and Incentives for Learning" Cornell University, Center for Advanced Human Resources Studies, Working Paper #88-12 and H. M. Levin "Ability Testing for Job Selection: Are the Economic Claims Justified?" in B. R. Gifford edit. Testing and Allocation of Opportunity, Kluwer Academic Publishers, forthcoming.

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